



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, November 14, 2019 at 5:30 p.m.
City of Woodland Council Chambers
300 1st Street, Woodland, CA 95695**

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@valleycleanenergy.org.

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Board Members: Tom Stallard (Chair/City of Woodland), Gary Sandy (Vice Chair/Yolo County), Angel Barajas (City of Woodland), Don Saylor (Yolo County), Lucas Frerichs (City of Davis), and Dan Carson (City of Davis)

5:30 p.m. Call to Order

- 1. Welcome and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment:** This item is reserved for persons wishing to address the Board on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.
- 4. Acceptance of associate membership for Cities of Winters and West Sacramento and welcome to Associate Board Members for Winters and West Sacramento.**

CLOSED SESSION

- 5. VCE Board including Associate Board Members: Conference with Legal Counsel – Existing Litigation (5:30 p.m. – 6:15 p.m. These are time estimates only.) (Paragraph (1) of subdivision (d) of Section 54956.9)**

Name of Cases:

(1) In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-30089(DM)

(2) Investigation 19-09-016 related to the consideration of the Ratemaking and other Implications of a Proposed Plan for Resolution of Voluntary Cases filed by PGE pursuant to the Bankruptcy Code, before the California Public Utilities Commission.

CONSENT AGENDA

6. **Approval of October 10, 2019 Special Meeting Minutes.**
7. **Receive 2019 Long Range Calendar.**
8. **Receive Financial Updates – September 30, 2019 (unaudited) financial statements.**
9. **Receive November 5, 2019 Regulatory Update provided by Keyes & Fox.**
10. **Receive Legislative Update.**
11. **Receive November 4, 2019 Customer Enrollment Update and Monthly Call Center Report as of October 27, 2019.**
12. **Approval of Consultant Donald Dame contract increase by \$15,000.**

REGULAR AGENDA

13. **Approve Resolutions amending and restating River City Bank Credit Agreement, including:**
 - a. **Approval of certification and authorized actions to execute amended and restated River City Bank Credit Agreement; and**
 - b. **Authorization of Interim General Manager or Board Chair to take actions necessary to finalize the Credit Agreement in a manner consistent with the Agreement term sheet.**
14. **Introduction of draft amendment to Valley Clean Energy’s Community Choice Aggregation Implementation Plan and Statement of Intent for the City of Winters enrollment. (Informational)**
15. **Receive Third Quarter 2019 Procurement Update. (Informational)**
16. **Update on Integrated Resource Plan Process. (Informational)**
17. **Status update and potential next steps on the potential acquisition of PG&E’s local electricity distribution system. (Informational)**
18. **Board Member and Staff Announcements:** Action items and reports from member of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

The next VCEA Board meeting is scheduled for Thursday, December 12, 2019 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Boulevard, Davis, California 95616.

19. **Adjournment:** Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. VCEA public records are available for inspection by contacting Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. Agendas and Board meeting materials can be inspected at VCEA’s offices located at 604 Second Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. The documents are also available on the Valley Clean Energy website located at: <https://valleycleanenergy.org/Board-meetings/>.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: VCE Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Acceptance of Associate Membership for Cities of Winters and West Sacramento

DATE: November 14, 2019

RECOMMENDATION

Approve Resolution accepting the City of Winters and the City of West Sacramento as Associate Members to the Valley Clean Energy Alliance Joint Point Powers Agency.

BACKGROUND

Valley Clean Energy (VCE) Board adopted Resolution 2019-011 on September 12, 2019, which amended the Joint Powers Agreement to create an Associate Member classification to enable non-member jurisdictions to participate in the investigation of acquiring some or all of Pacific Gas & Electric's (PG&E) electric distribution system within Yolo County.

In addition, VCE adopted Resolution 2019-012 on September 12, 2019 approving an invitation to the City of Winters (Winters) and the City of West Sacramento (West Sacramento) to join VCE Joint Powers Agency (JPA) as Associate Members. Thereafter, invitations were formally extended to Winters and West Sacramento. On October 10, 2019, VCE accepted Winters' request to join and outlined terms for Winters' membership in VCE.

On October 15, 2019, Winters adopted a resolution approving the terms of membership, joining VCE as an Associate Member prior to becoming a full member, and appointed two Council members to serve as the City's representatives on the VCE Board.

On October 16, 2019, West Sacramento adopted a resolution to join VCE JPA as an Associate Member and appointed two Council members as Associate Directors to serve on the VCE Board.

CONCLUSION

Representatives from Winters and West Sacramento have been invited to attend the November 14, 2019 meeting, welcoming them as Associate Members. The resolution attached, memorializes VCE's acceptance of both Cities as Associate Members to the Valley Clean Energy Alliance Joint Powers Agency and recognizes those Council members that will serve as Associate Members on VCE Board.

Attachment: Resolution

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- _____

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE BOARD OF DIRECTORS
ACCEPTING THE CITY OF WINTERS AND THE CITY OF WEST SACRAMENTO AS
ASSOCIATE MEMBERS TO THE VALLEY CLEAN ENERGY ALLIANCE
JOINT POWERS AGENCY**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, VCE is investigating the feasibility of acquiring some or all of Pacific Gas & Electric’s (PG&E) electric distribution system within Yolo County as part of the PG&E bankruptcy process; and,

WHEREAS, VCE adopted Resolution 2019-011 on September 12, 2019 amending the JPA to create an Associate Member classification to enable non-member jurisdictions to participate in the investigation of acquiring some or all of Pacific Gas & Electric’s (PG&E) electric distribution system within Yolo County as part of the PG&E bankruptcy process; and,

WHEREAS, VCE adopted Resolution 2019-012 on September 12, 2019 approving an invitation to the City of Winters (Winters) and the City of West Sacramento (West Sacramento) to join VCE Joint Powers Agency (JPA) as Associate Members; and,

WHEREAS, on October 10, 2019, VCE accepted Winters’ request to join and outlined terms for Winters’ membership in VCE; and,

WHEREAS, on October 15, 2019, Winters adopted a resolution approving the terms of membership, joining VCE as an Associate Member prior to becoming a full member, and appointed two Council members to serve as the City’s representatives on the VCE Board; and,

WHEREAS, VCE extended an invitation to West Sacramento to join as an Associate Member and on October 16, 2019, West Sacramento adopted a resolution to join VCE JPA as an Associate Member and appointed two Council members as Associate Directors to serve on the VCE Board.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Accept the City of Winters and the City of West Sacramento as Associate Members to the Valley Clean Energy Joint Powers Agency; and,
2. Receive City Council Members appointed as Associate Directors serving on the Valley Clean Energy Board.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of November 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Valley Clean Energy Alliance Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from October 10, 2019 Board Meeting
DATE: November 14, 2019

RECOMMENDATION

Receive, review and approve the attached Minutes from the October 10, 2019 Board meeting.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
THURSDAY, OCTOBER 10, 2019**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their special meeting scheduled for Thursday, October 10, 2019 at 3:00 p.m. at the City of Woodland Council Chambers located at 300 1st Street, Woodland, California 95695. Chairperson Tom Stallard established that there was a quorum present and began the meeting at 3:00 p.m.

Board Members Present: Tom Stallard, Lucas Frerichs, Don Saylor, Dan Carson, and Xochitl Rodriguez (Woodland Alternate)

Members Absent: Angel Barajas, Gary Sandy

Approval of Agenda Director Saylor made a motion to approve the October 10, 2019 Agenda, seconded by Director Frerichs. Motion passed unanimously.

Public Comment Chairperson Stallard opened the floor for public comment. There being no public comments, he moved into Closed Session.

CLOSED SESSION: The Board adjourned their meeting to go into Closed Session at 3:02 p.m. The Board returned to their regular Agenda at 4:13 p.m. Chairperson Stallard reported that the Board had no reportable action out of closed session. Chairperson Stallard then moved on to the Consent Agenda.

Conference with Legal Counsel – Anticipated Litigation

Approval of Consent Agenda Director Frerichs made a motion to approve the Consent Agenda, Items 5 through 15, seconded by Director Rodriguez. Motion passed unanimously with Angel Barajas and Gary Sandy absent. The following consent items were approved:

5. Approval of September 6, 2019 Special meeting – Closed Session and September 12, 2019 regular Board meeting Minutes.
6. Receive 2019 Long Range Calendar.
7. Receive Financial Updates – August 31, 2019 (unaudited) financial statements.
8. Receive October 2, 2019 Regulatory Update provided by Keyes & Fox.
9. Receive Legislative Update.
10. Receive October 3, 2019 Customer Enrollment Update and Monthly Call Center Report as of September 22, 2019.
11. Receive Community Advisory Committee's September 26, 2019 Meeting Summary.
12. Acceptance of City of Winters membership in Valley Clean Energy and approve new membership requirements for the City of Winters.



Audited Financial Statements for Fiscal Year 2018-2019 (James Marta & Company)

Interim General Manager Mitch Sears introduced VCE staff George Vaughn, Director of Finance and Internal Operations. Mr. Vaughn provided a brief introduction of this item then introduced Mr. James Marta of James Marta & Associates. Mr. Marta reviewed numerous slides regarding the financial audit of Valley Clean Energy's fiscal year beginning July 1, 2018 through June 30, 2019.

Director Saylor made a motion to:

1. accept and approve the Audited Financial Statements for the period of July 1, 2018 to June 30, 2019;
2. accept the Communication with Governance Letter; and,
3. accept the Internal Control Letter.

Motion seconded by Director Rodriguez. Motion passed by the following vote:

AYES: Stallard, Frerichs, Saylor, Carson, Rodriguez

NOES: None

ABSENT: Barajas, Sandy

ABSTAIN: None

River City Bank Renewal Terms for Revolving Line of Credit and Debt Restructuring Proposal / Resolution 2019-014

Mr. Sears provided a brief introduction of this item. VCE staff Lisa Limcaco and George Vaughn reviewed the proposed renewal terms for VCE's Revolving Line of Credit (RLOC) and debt restructuring. Several questions were asked by the Board, such as: why a one-year RLOC and origination fees.

Director Saylor made a motion to adopt:

1. Option 2 – approve the conversion of the current \$1,976,610 Revolving Line of Credit (RLOC) balance to an amortizing 5-year term loan; and,
2. a Resolution entitled “a Resolution of the Valley Clean Energy Alliance (VCEA) approving River City Bank renewal terms for the existing Revolving Line of Credit and authorizing the VCEA Interim General Manager, in consultation with VCEA legal counsel, to negotiate the credit agreement with River City Bank based on the renewal terms set forth herein”, with the final credit agreement submitted to the Board for final approval at the November 14, 2019 Board meeting. (Resolution 2019-014).

Motion seconded by Director Rodriguez. Motion passed as Resolution 2019-014 by the following vote:

AYES: Stallard, Frerichs, Saylor, Carson, Rodriguez

NOES: None

ABSENT: Barajas, Sandy

ABSTAIN: None

Update on Legacy Net Energy Metering (NEM) Customer Enrollment –

Mr. Sears introduced this item pointing out that a few additions were made to the Net Energy Metering (NEM) policy provided in the Board's packet. An updated copy is provided to the Board Members and available to the public tonight showing the redline version of the policy. A clean copy of the NEM policy is also provided. VCE staff Jim Parks reviewed the proposed revised and updated NEM



Valley Clean
Energy Net Energy
Meter (NEM)
Policy Amendment

policy. Several questions were asked by the Board, such as: do NEM customers have a choice of annual or monthly billing, opt out options, financial impact of the NEM policy, third party vendors, and whether or not the CAC reviewed the revised NEM policy. Mr. Parks informed those present that the revised NEM policy has not be reviewed by the CAC as a whole, but some individual Members have reviewed it. In addition, legacy NEM customers can choose annually billing and the relationship between Customer, PG&E and the third-party vendor is not affected by the VCE's NEM policy. Mr. Parks stated that legacy NEM customers will be brought in starting January 1, 2020.

Mr. Parks informed those present that two (2) NEM workshops were scheduled for residents to answer their questions and provide information. He shared with those present the results of the Wednesday, October 2nd workshop held at the City of Davis Community Chambers.

Public comment: Christine Shewmaker, Woodland resident, informed those present that she is a long-time owner of rooftop solar and she supports the changes to the NEM policy.

Board Member Saylor suggested that outreach efforts be done sooner than later. Mr. Parks informed those present that outreach efforts have already begun with notification of the NEM workshops and posting information on VCE's website. In addition, several additional written communications will be sent to customers before and after their true-up date.

Director Rodriguez moved to approve changes to the Valley Clean Energy Net Energy Metering policy as presented, seconded by Director Frerichs. Motion passed by the following vote:

- AYES: Stallard, Frerichs, Saylor, Carson, Rodriguez
- NOES: None
- ABSENT: Barajas, Sandy
- ABSTAIN: None

Status update:
Potential
Acquisition of
PG&E's Local
Electricity
Distribution
System
(Informational)

Mr. Sears briefly reviewed the three phases of the publicly owned utility initiative and informed those present that an offer letter to PG&E is being prepared. He informed those present that the PG&E bankruptcy Judge has accepted reorganization proposals from PG&E.

Board Member and
Staff
Announcements

Director Frerichs informed those present that at the City of Davis' Council meeting held on Tuesday, October 8, 2019, Mayor Pro Tempore Gloria Partida was appointed as the alternate Davis VCE Board Member.



Director Carson informed those present that the Davis Council also passed an ordinance that adopted new energy efficiency standards for new single family and low-rise multifamily dwellings.

Director Saylor informed those present that he will be providing an update on Yolo County issues and VCE work to the Davis Progressive Business Exchange at their meeting scheduled for October 16, 2019.

Chairperson Stallard informed those present that he opted up his accounts to UltraGreen. He also informed those present that over 700 solar permits were issued in 2018 and as of September 2019, approximately 630 have been permitted, which is way ahead of schedule.

Public comment: Ms. Shewmaker reminded those present that there have been ten (10) municipalities that have adopted the “all electric new builds” ordinance.

Mr. Sears reminded those present that the CalCCA annual conference is scheduled for November 6th – 7th in Redondo Beach, with a CalCCA sponsored lunch for elected officials scheduled for November 6th.

He provided the following status reports.

- He has been working with the central valley on them forming their own CCA in the year 2021 He has also spoken with the City of Fresno Sustainability Manager who is looking at a feasibility study of forming a CCA.
- A Public Safety Power Shutoff (PSPS) was announced on October 8th – he is not certain when the areas will be restored with power.
- The Resource Adequacy (RA) market continues to tighten due to CPUC-CAISO talks. Many CCAs have contracts for this kind of power to be counted as RA; however, VCE does not have this kind of contracted power.
- City of Winters will formally adopt at their October 14th meeting, joining VCE Joint Powers Agreement (JPA), with a start date of January 2021. This will result in two additional seats on the VCE Board. City of West Sacramento is taking action next week to become an Associate Member of VCE JPA.

Mr. Parks informed those present that there was an issue with the rates billed to customers. With rate changes in July, VCE used the incorrect vintage Power Charge Indifference Adjustment (PCIA) and Franchise Fee amounts. VCE is in the process of rebilling customers the corrected amounts. Mr. Sears informed those present that steps have been put into place to prevent this from happening. VCE will be posting information on the website explaining rebilling. Phone calls to the call center have increased but remain positive.

Lastly, Mr. Parks provided brief information and a few sample photographs of VCE’s outreach efforts - Awareness Campaign. Mr. Sears wanted to recognize



Yvonne Hunter for her donation of taking photographs for this campaign and VCE staff Tessa Tobar for assisting in many different ways with this campaign.

Adjournment

Chairperson Stallard adjourned the meeting at 5:26 p.m. to the next meeting scheduled for Thursday, November 14, 2019 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 1st Street, Woodland, California.

Alisa M. Lembke
VCEA Board Secretary

**VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting**

Staff Report - Item 7

TO: VCEA Board
FROM: Alisa Lembke, Board Clerk/Administrative Analyst
SUBJECT: Board and Community Advisory Committee Long-Range 2019 Calendar
DATE: November 14, 2019

Recommendation

Please find attached the Board and Community Advisory Committee long-range calendar for 2019.

VALLEY CLEAN ENERGY

2019 Meeting Dates and Proposed Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
January 10, 2019 January 23, 2019	Board WOODLAND	Special Meeting scheduled for Wednesday, January 23rd , at 5:30 p.m. at Yolo County Board of Supervisors Chambers , Woodland <ul style="list-style-type: none"> • Procurement Authority / Procure Energy for 2020 • Schedule of New Rate Structure / Rebate Program 	<ul style="list-style-type: none"> • Action • Informational
January 24, 2019	Advisory Committee WOODLAND	Thursday, January 24 th at City of Woodland Council Chambers, Woodland <ul style="list-style-type: none"> • Preliminary Discussion on New Rate Structure / Rebate Program (Dividend) 	<ul style="list-style-type: none"> • Discussion / Formation of Task Group / timeline
February 14, 2019 Cancelled due to lack of quorum	Board DAVIS	<ul style="list-style-type: none"> • ERRA/PCIA/PG&E 	<ul style="list-style-type: none"> • Discussion
February 28, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • New Rate Structure / Dividend Program – Draft Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Updated Outreach Plan / Videoconference with Green Ideals (marketing and outreach) • Task Groups – Present Tasks/Projects • Update on Regulatory Assistance Project 	<ul style="list-style-type: none"> • Action: Draft Recommendation • Informational • Action: Approve plan / Introduction to Green Ideals • Informational • Informational
March 14, 2019	Board WOODLAND	<ul style="list-style-type: none"> • Preliminary FY19/20 Operating Budget (Regular) • New Rate Structure / Dividend Program – Review Preliminary Recommendation and Staff Report 	<ul style="list-style-type: none"> • Review • Review and provide feedback
March 28, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • New Rate Structure / Dividend Program – Finalize Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Time of Use Rate Classes • Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report 	<ul style="list-style-type: none"> • Action: Finalize Recommendation to Board • Discussion • Discussion • Information

		<ul style="list-style-type: none"> • Long Term Renewable Solicitation Short List • Ideas of Possible Local Programs 	<ul style="list-style-type: none"> • Information • Information/Discussion
April 11, 2019	Board DAVIS	<ul style="list-style-type: none"> • Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report • Long Term Renewable Solicitation Short List 	<ul style="list-style-type: none"> • Information • Information
April 25, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Net Energy Metering (NEM) Enrollment – Reassessment – Finalize Report and Recommendation • New Rate Structure / Dividend Program – Finalize Report and Recommendation 	<ul style="list-style-type: none"> • Action: Finalize • Action: Finalize
May 9, 2019 Cancelled due to a lack of quorum.	Board WOODLAND	<ul style="list-style-type: none"> • Net Energy Metering (NEM) Enrollment Reassessment CAC Recommendation and Information Presented • Residential Time of Use Rate Classes (PG&E Presentation) • New Rate Structure / Dividend Program • Long Term Renewable Solicitation Short List 	<ul style="list-style-type: none"> • Informational • Informational • Action: Approve • Action: Approve
May 23, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • PG&E Presentation on Residential Time of Use Rate Classes • Possible Local Programs • Net Energy Metering (NEM) Enrollment Reassessment Report – final review • Information related to 2020 Integrated Resource Plan Update 	<ul style="list-style-type: none"> • Informational • Informational • Action • Informational
June 13, 2019 Monday, June 17, 2019- <i>Special</i> Mtg.	Board DAVIS Woodland	<ul style="list-style-type: none"> • Final Approval of FY19/20 Operating Budget • Net Energy Metering (NEM) Enrollment Reassessment Report from CAC • New Rate Structure / Dividend Program • Long Term Renewable Solicitation Short List • Extension of Waiver of Opt-Out Fees for one more year • Re/Appointment of Members to Community Advisory Committee 	<ul style="list-style-type: none"> • Approval • Action • Action: Approve • Action • Action • Action
June 27, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes • Local Resource Development • Information related to 2020 Integrated Resource Plan Update • Local Energy and Efficiency Programs 	<ul style="list-style-type: none"> • Discussion • Discussion • Discussion • Information/Discussion
July 11, 2019	Board WOODLAND	<ul style="list-style-type: none"> • Residential Time of Use – Presentation by PG&E 	<ul style="list-style-type: none"> • Informational

July 25, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Residential Time of Use Rate Classes Local Resource and Program Development Information related to 2020 Integrated Resource Plan Update Rates and Services Task Group List of Priority Tasks 	<ul style="list-style-type: none"> Discussion Information/Discussion Discussion Information/Discussion
August 8, 2019 Cancelled due to lack of quorum	Board DAVIS		
August 22, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> Residential Time of Use Rate Classes – Finalize Report and Recommendation Local Resource Development Revised Procurement Guide – Review 	<ul style="list-style-type: none"> Action: Finalize Discussion Discussion
September 12, 2019	Board WOODLAND	<ul style="list-style-type: none"> Residential Time of Use Rate Classes Report Discussion on River City Bank Revolving Line of Credit Revision to JPA to add Associate Member verbiage 	<ul style="list-style-type: none"> Information/Discussion Discussion Action
September 26, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Committee Evaluation of Calendar Year End Reschedule November/December CAC meetings Local Renewable Solicitation Update of VCE IRP Process Regulatory/Legislative Close of Session Recap 	<ul style="list-style-type: none"> Discussion Discussion Action Discussion Informational
October 10, 2019 Special Meeting – 3 p.m.	Board DAVIS	<ul style="list-style-type: none"> Approval of FY18/19 Audited Financial Statements (James Marta & Co.) River City Bank Revolving Line of Credit City of Winters Request to Join VCE JPA Net Energy Metering 	<ul style="list-style-type: none"> Action Discussion/Action Action Discussion/Action
October 24, 2019 Cancelled due to lack of quorum Special Meeting scheduled for Tuesday, November 12, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> Updated 2021 Short Term Procurement Plan - Recommendation to the Board Update on Integrated Resource Plan Process 	<ul style="list-style-type: none"> Action Informational

November 14, 2019	Board WOODLAND	<ul style="list-style-type: none"> Update on Integrated Resource Plan Process Cities of Winters & West Sacramento – Associate Members Draft Amendment of Implementation Plan Quarter 3 Procurement Update 	<ul style="list-style-type: none"> Informational Informational Informational Informational
November 28, 2019 Thanksgiving Holiday – rescheduled	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Revised Procurement Guide – Finalize Recommendation to Board Quarter 3 Procurement Update 	<ul style="list-style-type: none"> Action: Recommendation to Board Informational
December 5, 2019 (Thursday) Special CAC Meeting	Advisory Committee DAVIS	<ul style="list-style-type: none"> Quarter 3 Procurement Update 	<ul style="list-style-type: none">
WORKSHOP Integrated Resource Plan December 9, 2019	WOODLAND	This is a workshop to receive input on proposed updates to Valley Clean Energy’s Integrated Resource Plan.	
December 12, 2019	Board DAVIS	<ul style="list-style-type: none"> City of Winters Membership/Appointment of Winters Members to Board Approve Amendment to Implementation Plan Approve Updates to 2021 Short Term Procurement Plan Election of Chair and Vice Chair for 2020 	<ul style="list-style-type: none"> Action Action Action Nominations
December 26, 2019 Day after Christmas Cancelled	Advisory Committee DAVIS	<ul style="list-style-type: none"> Election of Officers for 2020 	<ul style="list-style-type: none"> Nominations
January 9, 2020	Board WOODLAND	<ul style="list-style-type: none"> Procurement – Short Term Procurement Guide revision and Financial Delegation to procure energy for 2020 (????) Customer Outreach, Marketing, Programs and SACOG Update 	<ul style="list-style-type: none"> Action Informational
January 23, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Election of Officers for 2020 Review and Discuss Task Groups 	<ul style="list-style-type: none"> Nominations Discuss/Action

Board: during 1st Quarter Board to appoint Winters seats to Community Advisory Committee; thereafter, CAC to welcome new Winters Members.

Integrated Resource Plan Schedule:

February 2020: Draft IRP ready / CAC and Public Review

March 2020: VCE Board discussion and feedback on draft IRP and receive CAC Recommendation

April 2020: VCE Board adoption of IRP

May 1, 2020: Filing of IRP due to CPUC

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: Valley Clean Energy Alliance Board of Directors

FROM: George Vaughn, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Financial Update – September 30, 2019 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending September 30, 2019

DATE: November 14, 2019

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of September 1, 2019 to September 30, 2019 (with comparative year to date information) and Actual vs. Budget year to date ending September 30, 2019.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending September 30, 2019.

Financial Statements for the period September 1, 2019 – September 30, 2019

In the Statement of Net Position, VCEA as of September 30, 2019 has a total of \$7,606,263 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$736,947 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of September 30, 2019 \$377,430 and \$895,472 respectively for a grand total of \$1,272,902. VCEA began paying SMUD for the monthly operating expenditures (starting with November 2018 expenditures) and repayment of the deferred amount of \$1,522,433 over a 24-month period. VCEA began paying the Member agencies for the quarterly

reimbursable expenditures starting in June 2019 and repayment of the deferred amount of \$556,188 over a 12-month period. The outstanding line of credit balance with River City Bank at September 30, 2019 totaled \$1,976,610. At September 30, 2019, VCE's net position is \$10,971,189.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$5,533,643 of revenue (net of allowance for doubtful accounts) of which \$6,424,376 was billed in September and (\$886,379) represent estimated unbilled revenue. The cost of the electricity for the September revenue totaled \$3,927,391. For September, VCEA's gross margin is approximately 29.03% and operating income totaled \$1,282,541. The year-to-date change in net position was \$3,634,543.

In the Statement of Cash Flows, VCEA cash flows from operations was negative (\$1,495,194) due to September monthly operating expenses exceeding cash receipts of revenues due to a lag in September customer payments resulting from a wide re-billing effort. This lower than expected cash flow from operations in September is expected to be made up completely in October business.

Actual vs. Budget Variances for the year to date ending September 30, 2019

Below are the financial statement line items with variances >\$50,000 and 5%:

Electric Revenue - (\$1,451,197) and (7%) - variance is due to slightly milder than expected weather year to date, along with a slightly lower actual customer load than expected.

Salaries & Wages/Benefits - (\$64,066) and (42%) – variance is due to having more budgeted filled positions at VCE than we actually have on staff.

SMUD Operating Services - (\$84,226) and (79%) – variance is mainly due to SMUD not having billed for the IRP update and NEM roll-in analysis included in the budget.

Contingency - (\$60,371) and (100%) - variance is due to VCE not having required usage of contingency funds to date; this is partially offset by \$13,366 of PG&E acquisition-related expenses.

Attachments:

- 1) Financial Statements (Unaudited) September 1, 2019 to September 30, 2019 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending September 30, 2019



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2019

PREPARED ON OCTOBER 28, 2019

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
(UNAUDITED)

	SEPTEMBER 30, 2019
ASSETS	
Cash and cash equivalents	\$ 7,606,263
Accounts receivable, net of allowance	8,974,491
Accrued revenue	3,069,015
Prepaid expenses	3,750
Inventory - Renewable Energy Credits	230,551
Other current assets and deposits	2,540
Total current assets	19,886,610
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	736,947
Total restricted assets	1,836,947
Noncurrent assets:	
Other noncurrent assets and deposits	100,000
Total noncurrent assets	100,000
TOTAL ASSETS	\$ 21,823,557
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 802,965
Accrued payroll	3,495
Interest payable	123,863
Due to member agencies	377,430
Accrued cost of electricity	4,352,224
Other accrued liabilities	1,126,743
Security deposits - energy supplies	515,640
User taxes and energy surcharges	73,398
Line of credit	1,976,610
Total current liabilities	9,352,368
Noncurrent liabilities	
Loans from member agencies	1,500,000
Total noncurrent liabilities	1,500,000
TOTAL LIABILITIES	\$ 10,852,368
NET POSITION	
Restricted	
Local Programs Reserve	\$ 109,712
Unrestricted	
Total unrestricted	10,861,477
TOTAL NET POSITION	\$ 10,971,189

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF SEPTEMBER 1, 2019 TO SEPTEMBER 30, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2019	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 5,533,643	\$ 19,099,446
TOTAL OPERATING REVENUES	<u>5,533,643</u>	<u>19,099,446</u>
OPERATING EXPENSES		
Cost of electricity	3,927,391	14,341,975
Contract services	219,573	754,433
Staff compensation	71,306	242,735
General, administration, and other	32,832	97,037
TOTAL OPERATING EXPENSES	<u>4,251,102</u>	<u>15,436,180</u>
TOTAL OPERATING INCOME (LOSS)	1,282,541	3,663,266
NONOPERATING REVENUES (EXPENSES)		
Interest income	7,813	9,581
Interest and related expenses	(21,342)	(38,304)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(13,529)</u>	<u>(28,723)</u>
CHANGE IN NET POSITION	1,269,012	3,634,543
Net position at beginning of period	9,702,177	7,328,833
Net position at end of period	<u>\$ 10,971,189</u>	<u>\$ 10,963,376</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2019
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2019	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 4,248,566	\$ 16,362,876
Receipts for security deposits with energy suppliers	-	515,640
Payments to purchase electricity	(5,600,580)	(15,223,790)
Payments for contract services, general, and administration	(72,071)	(629,169)
Payments for staff compensation	(71,109)	(243,029)
Net cash provided (used) by operating activities	(1,495,194)	782,528
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest and related expenses	(8,229)	(26,753)
Net cash provided (used) by non-capital financing activities	(8,229)	(26,753)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	7,813	17,394
Net cash provided (used) by investing activities	7,813	17,394
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,495,610)	773,169
Cash and cash equivalents at beginning of period	10,938,820	8,670,041
Cash and cash equivalents at end of period	\$ 9,443,210	\$ 9,443,210
Cash and cash equivalents included in:		
Cash and cash equivalents	\$ 7,606,263	\$ 7,606,263
Restricted assets	1,836,947	1,836,947
Cash and cash equivalents at end of period	\$ 9,443,210	\$ 9,443,210

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2019
(WITH COMPARATIVE PRIOR PERIOD INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING SEPTEMBER 30, 2019</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,282,541	\$ 2,380,725
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in net accounts receivable	(2,190,142.00)	(1,789,076.00)
(Increase) decrease in accrued revenue	889,946	336,752
(Increase) decrease in prepaid expenses	9,497	(13,247)
(Increase) decrease in inventory - renewable energy credits	87,488	(110,871)
Increase (decrease) in accounts payable	211,155	5,690
Increase (decrease) in accrued payroll	197	(491)
Increase (decrease) in due to member agencies	19,400	(52,279)
Increase (decrease) in accrued cost of electricity	(1,760,677)	902,245
Increase (decrease) in other accrued liabilities	(59,718)	101,803
Increase (decrease) security deposits with energy suppliers	-	515,640
Increase (decrease) in user taxes and energy surcharges	15,119	831
Net cash provided (used) by operating activities	<u>\$ (1,495,194)</u>	<u>\$ 2,277,722</u>

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 9-30-2019
FOR THE YEAR TO DATE ENDING June 30, 2020

Description	9/30/2019	9/30/2019	YTD Variance	% over/-under
	YTD FY2020 Actuals	YTD FY2020 Budget		
Electric Revenue	\$ 19,099,444	\$ 20,550,641	\$ (1,451,197)	-7%
Interest Revenues	17,394	21,933	(4,539)	-21%
Purchased Power	14,341,975	14,444,586	(102,611)	-1%
Labor & Benefits	242,736	294,729	(51,994)	-18%
Salaries & Wages/Benefits	88,138	152,204	(64,066)	-42%
Contract Labor	147,402	139,376	8,026	6%
Human Resources & Payroll	7,196	3,150	4,046	128%
Office Supplies & Other Expenses	30,660	31,973	(1,313)	-4%
Technology Costs	2,692	2,316	376	16%
Office Supplies	488	307	181	59%
Travel	240	1,200	(960)	-80%
CalCCA Dues	27,240	27,250	(10)	0%
Memberships	-	900	(900)	-100%
Contractual Services	754,406	797,921	(43,515)	-5%
Don Dame	9,724	4,500	5,224	116%
SMUD - Credit Support	179,805	193,949	(14,143)	-7%
SMUD - Wholesale Energy Services	141,024	141,036	(12)	0%
SMUD - Call Center	166,551	166,587	(37)	0%
SMUD - Operating Services	21,774	106,000	(84,226)	-79%
Legal	28,715	42,000	(13,285)	-32%
Regulatory Counsel	51,093	46,320	4,773	10%
Joint Regulatory	12,534	7,500	5,034	67%
Legislative	15,000	15,000	-	0%
Accounting Services	-	6,000	(6,000)	-100%
Audit Fees	35,250	13,500	21,750	161%
PG&E Acquisition Consulting	13,366	-	13,366	100%
Marketing Collateral	79,571	55,529	24,042	43%
Rents & Leases	4,325	4,326	(1)	0%
Hunt Boyer Mansion	4,325	4,326	(1)	0%
Other A&G	60,584	76,945	(16,361)	-21%
PG&E Data Fees	59,233	58,305	928	2%
Community Engagement Activities & Sponsorships	-	1,500	(1,500)	-100%
Insurance	1,350	1,840	(489)	-27%
New Member Expenses	-	15,000	(15,000)	-100%
Banking Fees	-	300	(300)	-100%
Miscellaneous Operating Expenses	1,493	1,533	(40)	-3%
Contingency	-	60,371	(60,371)	-100%
TOTAL OPERATING EXPENSES	\$ 15,436,178	\$ 15,712,384	\$ (276,206)	-2%
Interest Expense - Munis	13,498	13,815	(317)	-2%
Interest on RCB loan	20,329	21,791	(1,462)	-7%
Interest Expense - SMUD	4,477	4,793	(316)	-7%
Miscellaneous Non-Operating	-	-	-	0%
NET INCOME	\$ 3,642,356	\$ 4,819,791	\$ (1,177,435)	-24%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: November 14, 2019

Please find attached Keyes & Fox's October 2019 Regulatory Memorandum dated November 5, 2019, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated November 5, 2019

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (“VCE”) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox, LLP
Tim Lindl, Partner, Keyes & Fox LLP
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: November 5, 2019

Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE’s Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC). A Glossary of Acronyms used is provided at the end of this memo.

In summary, this month’s report includes regulatory updates on the following priority issues:

- **New: Investigation of PG&E Bankruptcy Plan:** the CPUC issued an Order Instituting Investigation (OII) to consider the ratemaking and other implications of PG&E’s proposed plan to resolve its pending Chapter 11 bankruptcy proceeding. PG&E filed a response summarizing restructuring plans, parties submitted comments on the scope and procedural aspects of this proceeding, and a prehearing conference was held.
- **PCIA Rulemaking:** The CPUC issued D.19-10-001, refining the method, data, and process requirements for the forecast and true up of the Market Price Benchmarks to be used in determining the PCIA rate. Working Groups 2 and 3 continued to meet.
- **Resource Adequacy Rulemaking:** The CPUC issued a D.19-10-021, affirming RA import rules, and CalCCA filed an Application for Rehearing and a Motion for Stay of the Decision. Numerous LSEs also requested waivers of penalties for failing to meet local RA requirements. CalCCA also filed a Petition for Modification of D.19-06-026, requesting a process for LSEs to file waivers of system and flexible capacity requirements. Parties filed comments and replies to a September motion by renewable and solar companies and advocates that requested a process and schedule be established to determine the capacity value of hybrid resources (i.e., energy storage paired with a generation resource). Parties also filed reply comments on the Settlement Agreement that would create an RA central procurement entity. The CPUC hosted a workshop on the RA central buyer proposals and Settlement Agreement.
- **IRP Rulemaking:** The CPUC issued a Revised Proposed Decision requiring the procurement of 4,000 MW of capacity statewide by all LSEs to ensure system reliability during the 2021-2023 period, and parties filed comments on the revised PD. Parties also filed comments and reply comments on a Ruling that requested comments on filing requirements for 2020 IRPs.
- **Investigation into PG&E Violations Related to Wildfires:** The ALJ issued an Amended Scoping Memo and Ruling that established a procedural schedule and made other

determinations about the scope of the proceeding. Parties filed opening and reply briefs. The ALJ issued an additional Amended Scoping Memo and Ruling to expand the scope of the proceeding to two additional wildfires (but not including the Camp Fire). An October 30, 2019, Email Ruling granted the CPUC Safety Enforcement Division’s request for an extension of time to respond to file its response to PG&E’s Attachment B Report.

- **Wildfire Fund Non-Bypassable Charge (AB 1054):** The CPUC issued D.19-10-056 that approves the imposition of a non-bypassable charge to fund the Wildfire Fund.
- **2018 Rate Design Window:** Parties filed Phase III reply briefs. A proposed decision is next.
- **Utility Wildfire Mitigation Plans Rulemaking:** The ALJ issued a Ruling requesting comments on Phase 2 workshops. The ALJ later granted an extension of time due to ongoing wildfires directly impacting parties in this proceeding. The Counties of Mendocino, Napa, and Sonoma, and the City of Santa Rosa (Joint Local Governments) filed a Motion requesting the CPUC reject PG&E’s AL 5582-E that purported to implement a CPUC directive regarding PG&E’s programs to share de-energization and wildfire-related information with its local public safety partners.
- **PG&E’s 2020 ERRA Forecast:** Parties filed opening and reply briefs. The November Update will be filed November 8.
- **PG&E’s Phase 1 GRC:** Evidentiary hearings began on September 23, 2019 and continued throughout October. Opening Briefs are due November 22.
- **PG&E’s 2018 ERRA Compliance:** PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) filed a joint motion requesting approval of a settlement agreement.
- **RPS Rulemaking:** No updates this month.
- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month.
- **Investigation into PG&E’s Organization, Culture and Governance:** No updates this month.
- **Other Regulatory Developments:**
 - **Annual Electric True-up:** On October 15, 2019, PG&E filed its preliminary annual electric true-up (Advice Letter [5661-E](#)).
 - **SB 237 Direct Access Rulemaking:** Parties including CalCCA submitted comments and reply comments in response to a Ruling kicking off Phase 2 of the implementation of expansion of direct access under SB 237, which addresses the requirement that the CPUC develop recommendations on re-opening direct access fully to all interested non-residential customers.

Investigation of PG&E Bankruptcy Plan

On October 4, 2019, the CPUC issued an Order Instituting Investigation (OII) to consider the ratemaking and other implications of PG&E’s proposed plan to resolve its pending Chapter 11 bankruptcy proceeding. PG&E responded to the OII on October 11, 2019, with its most current reorganization plan and a table summarizing major actions and timelines for completion of the Chapter 11 proceeding. Other stakeholders, including several CCAs, the City and County of San Francisco, and the City of San Jose, filed responses to the OII by October 18, 2019, on procedural and scheduling issues (i.e., not the substance of the plan itself) and a prehearing conference was held October 23. On November 1, 2019, the Administrative Law Judge issued a Ruling directing PG&E to file a separate application requesting approval of certain hedging transactions.

- **Background:** On September 9, 2019, PG&E filed a proposed plan of reorganization in the United States Bankruptcy Court. A subsequent Ruling of the Bankruptcy Court terminated PG&E’s exclusive right to file a plan of reorganization and permits the filing of an alternative plan (characterized as a “hostile takeover” by PG&E) proposed by the Ad Hoc Committee of Senior Unsecured Noteholders, led by Elliott Management Corporation and the Official Committee of

Tort Claimants. Under AB 1054, in order for PG&E to be eligible to participate in the Wildfire Fund, its plan must be “neutral, on average, to ratepayers” and PG&E must complete its bankruptcy restructuring by June 30, 2020.

PG&E’s plan would result in up to \$8.4 billion in compensation to wildfire victims and certain public entities from a trust funded for their benefit; pays insurance subrogation claimants \$11 billion to settle their wildfire claims; pays certain public entities \$1 billion to settle their wildfire claims; assumes all power purchase agreement and community choice aggregation servicing agreements; provides for PG&E to participate in the Wildfire Fund;

- **Details:** The case will address regulatory review and approval of the plan, in particular the questions surrounding whether the plan meets the requirements AB 1054 imposes for PG&E to participate in the newly established Wildfire Fund, which is encumbered by a June 30, 2020 deadline. This proceeding will consider the ratemaking implications of the proposed plan and settlement agreement, whether the plan satisfactorily resolves claims for monetary fines or penalties for PG&E’s pre-petition conduct, whether to approve the governance structure of the utility and the appropriate disposition of potential changes to PG&E’s corporate structure and authorization to operate, whether to make any other approvals related to the confirmation and implementation of the plan, and any other findings necessary to approve a proposed settlement, including but not limited to whether doing so is in the public interest.

In their Response to the OII, the City and County of San Francisco and the City of San Jose argued that the scope of the proceeding should include consideration of alternate offers to PG&E, including San Francisco’s offer to purchase PG&E’s electric distribution and transmission assets serving San Francisco.

The November 1 Ruling orders PG&E to file a separate application to seek Commission approval of transactions intended to hedge interest rate risk.

- **Analysis:** This proceeding will allow the CPUC to approve a restructuring plan for PG&E, which ultimately must secure approval for the plan by the federal Bankruptcy Court. This proceeding may consider alternate plans offers, such as that made by VCE, relating to purchases of PG&E’s distribution and transmission assets and local municipalization efforts.
- **Next Steps:** The OII anticipates that hearings will commence no later than February 2020. The CPUC intends to complete the proceeding sufficiently in advance of the June 30, 2020 deadline in order to allow the bankruptcy court sufficient time to address and approve any changes to the plan that result from CPUC directives.
- **Additional Information:** [PG&E response](#) summarizing restructuring plans (October 11, 2019); [Order Instituting Investigation](#) (October 4, 2019); Docket No. [I.19-09-016](#).

PCIA Rulemaking

On October 17, 2019, the CPUC issued D.19-10-001, refining the method, data, and process requirements for the forecast and true up of the Market Price Benchmarks to be used in determining the PCIA rate. Working Group 3 held Workshop #3 on October 17, 2019, and Working Group 2 (Prepayment) workshop held Workshop #3 on November 4, 2019.

- **Background:** D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

Phase 2 relies primarily on a working group process to further develop a number of PCIA-related proposals. Three workgroups examined three issues: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

- Details:** D.19-10-001 resolves Scoping Memo Issues 1 through 7 and Issue 11 assigned to Working Group One. It will impact the PCIA VCE's customers will pay next year (2020), as implemented in this year's November Update. With respect to valuing RPS and RA products, the Decision adopts the forecasted values of RPS and RA products recommended by CalCCA and PG&E through the Working Group 1 process. However, it also adopts PG&E's approach to measuring the quantity of both forecasted and actual unsold RA. The quantity of actual unsold RPS will be anything not sold or used for compliance. It also adopts the utility's approach to value unsold RA and RPS at \$0. Finally, it adopts the Working Group 1 data collection templates, allow staff to ask LSEs quarterly for the data via the templates or supplement data requests, and give staff flexibility to modify the templates if needed.
- Analysis:** D.19-10-001 impacts the PCIA VCE's customers will pay in 2020. PG&E's implementation of the PCIA cap via the ERRA forecast proceeding and Advice Letter 5624-E would mean that some customer classes could pay an increase in the PCIA that is slightly more than 0.5 cent per kWh and some customer classes could pay slightly less than the 0.5 cent per kWh increase. Advice Letter 5624-E also means the PCIA could increase mid-year if the amount of revenues that would have been collected but for the cap exceeds a certain trigger and threshold amount in what PG&E has called the PCIA Undercollection Balancing Account or PUBA. The PUBA trigger is an outgrowth of D.18-10-019. Phase 2 of this proceeding will further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.
- Next Steps:** A separate PD is anticipated to be issued later in early Winter 2019 on other Working Group 1 issues. Parties may request evidentiary hearings by filing a motion within ten working days of a working group report being filed. If the PD is approved, changes will be implemented in this year's November Update in PG&E's ERRA Forecast proceeding.
- Additional Information:** [D.19-10-001](#) (October 17, 2019); [AL 5624-E](#) establishing PCIA Undercollection Balancing Account and Trigger Mechanism (August 30, 2019). [Working Group One Report](#) on Brown Power, RPS and RA True-Up (May 31, 2019); [Phase 2 Scoping Memo and Ruling](#) (February 1, 2019); [D.18-10-019](#) Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. [R.17-06-026](#).

RA Rulemaking

- On October 11, 2019, and October 15, respectively, parties filed comments and replies to a September motion by renewable and solar companies and advocates that requested a process and schedule be established to determine the capacity value of hybrid resources (i.e., energy storage paired with a generation resource). On October 14, 2019, parties filed reply comments on the Settlement Agreement that would create an RA central procurement entity. On October 17, 2019, the CPUC issued a D.19-10-021, affirming RA import rules. On October 24, 2019, CalCCA filed an Application for Rehearing of D.19-10-021 and also filed a Motion for Stay of that Decision. On October 29, 2019, the CPUC Energy Division rejected a letter request submitted by several joint CCAs for an extension of RA filing and compliance deadlines. On October 30, 2019, CalCCA filed a Petition for Modification of D.19-06-026, requesting a process for LSEs to file waivers of system and flexible capacity requirements, and a Motion to Shorten Time to Respond to the Petition. The motion to shorten time was granted on October 31, 2019. On October 31, 2019 and November 1, 2019 LSEs (including PG&E, SDG&E and many CCAs) filed requests for waivers of penalties for failing to meet local RA requirements. On November 1, 2019, the CPUC hosted a workshop on the RA central buyer proposals and Settlement Agreement.
- Background:** This proceeding has three tracks, and is currently focused on remaining central buyer issues in Track 2. [Track 1](#) addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed.

In Track 2, the CPUC adopted multi-year Local RA requirements and declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019). A pending settlement agreement, filed by CalCCA among other parties (but not PG&E), would create an RA Central Procurement Entity ("RA-CPE"), unidentified in the Settlement Agreement, to procure residual collective RA for all CPUC-jurisdictional LSEs that is not met by individual LSEs. Individual LSEs may choose to procure their share of the collective RA requirement, or they may allow the RA-CPE to procure their share on default. Costs will be allocated ex post based on cost causation principles.

In Track 3, D.19-06-026 adopted CAISO's recommended 2020-2022 Local Capacity Requirements and CAISO's 2020 Flexible Capacity Requirements and made no changes to the System capacity requirements. It established an IOU load data sharing requirement, whereby each non-IOU LSE (e.g., CCAs) will annually request data by January 15 and the IOU will be required to provide it by March 1. It also adopted a "Binding Load Forecast" process such that an LSE's initial load forecast (with CEC load migration and plausibility adjustments based on certain threshold amounts and revisions taken into account) becoming a binding obligation of that LSE, regardless of additional changes in an LSE's implementation to new customers.

Finally, a currently pending PG&E Petition for Modification argues that the establishment of the separate RA zones for the PG&E Other Zone, which was adopted in D.19-02-022, is likely to create considerable RA compliance issues for affected LSEs and requests that it be modified to establish an alternative compliance option to an after-the-fact penalty waiver.

- **Details:** D.19-10-021 makes a series of determinations relating to unspecified RA imports (i.e., not tied to a specific unit), as follows:
 - An import product that is only available when called upon in the CAISO day-ahead market or residual unit commitment does not satisfy the non-curtailable for economic reasons requirement.
 - Non-resource specific RA imports must self-schedule into the CAISO markets consistent with the time frame in the governing contract.
 - Any imports should be reflected in the maximum cumulative capacity (MCC) buckets, which function as limits on certain types of resources according to system needs.
 - LSEs are encouraged to utilize the MCC buckets and self-schedule during the availability assessment hour window of 4 - 9 p.m. in order to avoid periods of negative pricing.

CalCCA's Application for Rehearing of D.19-10-021 contends that rather than just "affirming" existing RA rules governing import resources (as the Decision states it does), D.19-10-021 actually establishes new requirements. The rehearing request alleges that the CPUC made numerous errors in D.19-10-021, noting that this is the first time the CPUC has distinguished between resource specific and non-resource specific resources. CalCCA states that the CPUC should first acknowledge that the new requirements modify rather than affirm prior decisions and re-open the record to appropriately tailor and establish a phase-in schedule for the new requirements, including grandfathering for existing contracts. CalCCA also requests that the Commission modify the adopted rules to clarify that resource-specific contracts include all contracts that specify a resource ID, a portfolio that will be available to meet the need for energy, or a balancing authority backed by operating reserves or a supplied by an Asset Controlling Supplier, as well as clarify that non-resource specific contracts must ensure delivery at a time consistent with CAISO operational needs. CalCCA's Motion for Stay of D.19-10-021 asks that the effect of the Decision be stayed until the Commission rules on the Application for Rehearing. CalCCA's letter to CPUC staff requested an extension of the filing requirement from October 31, 2019 to January 1, 2020, and this request was denied.

CalCCA's Petition for Modification of D.19-06-026 asks the Commission to grant Energy Division Staff the authority to grant waivers of system and flexible RA requirements, beginning with the 2020 compliance year, to individual LSEs that meet Staff-developed criteria and apply for a waiver through a Tier 2 Advice Letter process (to be due by November 15, 2019 for the 2020

showing). CalCCA requested expedited consideration of this Petition and separately submitted a Motion to Shorten Time to Respond to this Petition, which was granted by the ALJ.

- **Analysis:** This proceeding affects VCE's Local RA compliance obligations beginning in 2020, for the first time requiring procurement over a three-year period instead of an annual period. The most significant impacts of D.19-10-021 will be felt by CCAs with unspecified imports currently under contract. The settlement agreement, if approved by the CPUC, would resolve central buyer issues other than the identity of the central buyer. Moving to a central procurement entity as proposed in the settlement agreement would impact VCE's RA procurement and compliance, including eliminating the need for monthly RA showings and associated penalties and/or waiver requests from individual LSEs. VCE could choose to procure its share of RA or allow that to be done by the central buyer and pay for its share of such procurement. CalCCA's Petition for Modification, if granted, would provide CCAs with the potential for a waiver of system and flexible RA requirements (in addition to the existing waiver process for local RA). The disaggregation of the PG&E Other Zone is likely to complicate VCE's RA procurement efforts, so if the PG&E PFM is approved by the CPUC, it could provide alternative compliance options to VCE and additional flexibility.
- **Next Steps:** Responses to CalCCA's Application for Rehearing are due November 8, 2019. Responses to CalCCA's Petition for Modification of D.19-06-026 are due November 12, 2019. A final decision regarding the central buyer is anticipated for Q4 2019.
- **Additional Information:** [Petition for Modification](#) of D.19-06-026 by CalCCA (October 30, 2019); [Motion for Stay](#) of D.19-10-021 by CalCCA (October 24, 2019) [Application for Rehearing](#) of D.19-10-021 by CalCCA (October 24, 2019); [D.19-10-021](#) affirming RA import rules (October 17, 2019); [Joint Motion](#) to establish schedule on hybrid resources (September 27, 2019); [D.19-09-054](#) extending statutory deadline (September 26, 2019); [PG&E PFM](#) regarding PG&E Other disaggregation (September 11, 2019); [Ruling](#) issuing RA State of the Market (September 3, 2019); [Joint Motion](#) to adopt a settlement agreement for a residual central procurement entity (August 30, 2019); [D.19-06-026](#) adopting local and flexible capacity requirements (July 5, 2019); Docket No. [R.17-09-020](#).

IRP Rulemaking

On October 14, 2019, and October 25, 2019, respectively, parties filed comments and reply comments on a Ruling that requested comments on filing requirements for 2020 IRPs. On October 21, 2019, the CPUC issued a Revised Proposed Decision requiring the procurement, by LSEs on a statewide basis, of 4,000 MW of incremental capacity to ensure system reliability during the 2021-2023 period. Parties filed comments on the revised PD on October 31, 2019.

- **Background:** In the CPUC's IRP process, it adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. VCE submitted its IRP on August 1, 2018, and its next IRP filing is due May 1, 2020.

In May 2019, the CPUC issued D.19-04-040, which rejected an aggregation of each of the LSEs' IRPs (the Hybrid Conforming Portfolio) as the statewide PSP, adopting instead a modified version of the Reference System Plan adopted in D.18-02-018 as its PSP. D.19-04-040 opened a new "procurement track" of the proceeding to determine how LSEs are to procure resources to satisfy the PSP by 2030. Specifically, the Decision clarified that the priorities for this track will be to (1) develop mechanisms for a "backstop" procurement in the event an LSE or LSEs fail to procure resources identified in their IRPs, and (2) address procurement that may require collective action.

A June 2019 Ruling kicked off the procurement track and prioritized procurement by resource type/attribute, as follows: (1) near to medium-term integration and reliability (high priority, defined later as needed in 2019-2024); (2) renewables (medium priority); and (3) long-term reliability (low priority).

- **Details:** The Revised PD contains substantial revisions relative to the initial PD. As in the initial PD, the Revised PD recommends meeting the potential capacity shortage through two tranches. Tranche 1 consists of a recommendation that the retirement dates for several existing generation facilities that use once-through cooling (OTC) systems be extended. Tranche 2 consists of a mandatory procurement of additional capacity from resources incremental to baseline capacity included in the 2022 PSP. The revised PD increases the reliability procurement requirement from 2,500 MW to 4,000 MW to account for potential capacity losses associated with revisions to the PD's recommendation for temporarily extending the retirement dates for OTC units. Given that the capacity deficiency is at the system level, the Revised PD changes the procurement obligation to apply to all LSEs, including VCE, rather than just those operating with the SCE transmission zone. At least 60% of resources must be on-line by August 1, 2021, 80% by August 1, 2022, and 100% by August 1, 2023.
- **Analysis:** The procurement track of this proceeding could potentially diminish VCE's authority and control over its resource procurement decisions, although the scope of centralized procurement is now limited to establishing a procurement backstop mechanism and procurement of resources requiring collective action. The revised PD would require that VCE procure an additional 15.2 MW of incremental procurement to VCE over the baseline. of resource adequacy, and along with other LSEs, collectively provide a progress report by February 15, 2020, as well as individually provide progress information in its 2020 IRP filing due May 1, 2020, including a list of projects, capacities, online dates, and a demonstration that the projects are incremental.

In addition to this procurement track, this proceeding is focused on addressing other issues that relevant to VCE's 2020 IRP filing. The new standing data requests that would be required by the revised PD will be data-heavy and similar to the data request VCE responded to on August 16, 2019 in this docket. VCE would be required to disclose additional contractual and development status of its resource choices in its 2020 IRP filing, as well a section describing its plans to address the retirement of the Diablo Canyon Generation Plant and the characteristics of its energy output, including flexible baseload and/or firm low-emission energy.

- **Next Steps:** The CPUC may consider adopting the revised PD, at the earliest, at its November 7, 2019, meeting.
- **Additional Information:** [Revised PD](#) (October 21, 2019); [Ruling](#) requesting comments on Staff Proposal (September 20, 2019); [Ruling](#) (June 20, 2019); [D.19-04-040](#) on 2018 IRPs and 2020 IRP requirements (May 1, 2019); Docket No. [R.16-02-007](#).

Investigation into PG&E Violations Related to Wildfires

On October 9, 2019, the ALJ issued an Amended Scoping Memo and Ruling that established a procedural schedule and made other determinations about the scope of the proceeding. On October 14, 2019, and October 28, 2019, respectively, parties filed opening and reply briefs. On October 28, 2019, the ALJ issued an additional Amended Scoping Memo and Ruling to expand the scope of the proceeding to two additional wildfires (but not including the Camp Fire). An October 30, 2019, Email Ruling granted the CPUC Safety Enforcement Division's request for an extension of time to respond to file its response to PG&E's Attachment B Report.

- **Background:** The CPUC opened this formal investigation to determine whether PG&E violated any laws, rules, or other applicable requirements pertaining to the maintenance and operation of electric facilities involved in igniting fires in its service territory in 2017. The CPUC's Safety and Enforcement Division (SED) issued a Fire Report on June 13, 2019 that found deficiencies in PG&E's vegetation management practices and procedures and equipment operations in severe conditions. CAL FIRE also found that PG&E's electrical facilities ignited all but one of the fires addressed in this investigation. This investigation addresses fire incidents from the October 2017 Fire Siege investigated by SED and will determine whether PG&E's practices have been unsafe and in violation of the law. This investigation orders PG&E to take immediate corrective actions to come into compliance with CPUC requirements. The scope of the proceeding will include

violations of law by PG&E with respect to the 2017 wildfires, and possibly also the 2018 Camp Fire, what penalties should be assessed, what remedies or corrective actions should occur, and what if any systemic issues contributed to the ignition of the wildfires.

- **Details:** The first Ruling stated that there is not sufficient information at this time to include the Camp Fire within the scope of this proceeding, but directed SED to file a motion to amend the scope of this proceeding to address the Camp Fire violations at the time SED's report and specific allegations as to PG&E violations concerning the Camp Fire can be provided.

The second Ruling grants SED's unopposed motion to amend the scope of the proceeding to include issues concerning the Lobo and McCourtney Fires.

The parties to this proceeding are engaged in ongoing settlement discussions. To date, there is no proposed settlement or stipulation as to undisputed facts.

- **Analysis:** This investigation could result in sanctions against PG&E and require additional corrective actions to mitigate future wildfire risk, potentially impacting the quality of service experienced by VCE customers and costs paid by VCE and other distribution customers. Monetary penalties would ultimately be handled in the Bankruptcy Court. Prepetition liabilities must be resolved in this proceeding so that PG&E can emerge from bankruptcy within the time frame provided in AB 1054 (i.e. June 30, 2020).
- **Next Steps:** Intervenor testimony is due November 8, 2019, and PG&E reply testimony is due November 18, 2019. SED's response to PG&E's Attachment B report is now due November 15, 2019. SED rebuttal testimony is due November 27, 2019, and evidentiary hearings are scheduled for December 9-13, 2019. Opening and closing briefs, respectively, are due January 7, 2020, and January 17, 2020.
- **Additional Information:** [Amended Scoping Memo and Ruling](#) (October 28, 2019); [Amended Scoping Memo and Ruling](#) (October 9, 2019); [Ruling](#) directing briefs (September 6, 2019); GO 95 [Rule 31.1](#); GO 95 [Rule 35](#); GO 95 [Rule 38](#); [Order Instituting Investigation](#) (June 27, 2019); Docket No. [I.19-06-015](#).

Wildfire Fund Non-Bypassable Charge (AB 1054)

On October 24, 2019, the CPUC issued D.19-10-056 that approves the imposition of a non-bypassable charge to fund the Wildfire Fund.

- **Background:** This rulemaking implemented AB 1054 and extended a non-bypassable charge on ratepayers to fund the Wildfire Fund. The scope of this proceeding was limited to consideration of whether the CPUC should authorize ratepayer funding of the Wildfire Fund established by AB 1054, enacted in July 2019, via the continuation of an existing non-bypassable charge (Department of Water Resources bond charge) that would have otherwise expired by the end of 2021. On August 26, 2019, the Bankruptcy Court tentatively granted PG&E's request to participate in the Wildfire Fund.
- **Details:** D.19-10-056 approves the establishment of a non-bypassable charge on IOU customers to provide revenue for the newly established state Wildfire Fund pursuant to 2019 AB 1054. The charge will only be assessed on customers of utilities that participate in the Wildfire Fund (i.e., PG&E, SCE, and SDG&E), and will expire at the end of 2035. The Decision also provides that once a large IOU commits to Wildfire Fund participation, it may not later revoke its participation. The annual revenue requirement for the charge among the large IOUs will total \$902.4 million, allocated at \$404.6 million for PG&E, \$408.2 million for SCE, and \$89.6 million for SDG&E. (There is a June 30, 2020, deadline for PG&E to satisfactorily complete its insolvency proceeding under AB 1054, and therefore become eligible to participate in the Wildfire Fund.) The revenue requirement for a given year will not be updated for over- or under-collections from prior periods through the initial duration of the authorization through 2035.

The Wildfire Fund NBC will be collected on a \$/kWh basis, with the revenue requirement allocated based on each class's share of energy sales. Residential CARE and medical baseline customers are exempt. Large IOU continuous direct access customers and all customers exempt from paying the DWR Bond Charge are exempt. Net metering customers will pay the charge based on net usage over a year, while NEM Successor Tariff customers will pay the charge based on net usage within a metered interval (i.e., one hour for residential customers and 15 minutes for non-residential customers). The Wildfire Fund NBC cannot take effect until the DWR Bond charge sunsets (i.e., full repayment achieved), which may take place as early as the second half of 2020. For the 2020 charge, the DWR is requested to propose a charge in July 2020 (or earlier) for party comment and a proposed decision. The process for updating the charge for future years will be considered in future decisions. The Decision also adopts a rate agreement between DWR and the CPUC.

- **Analysis:** This proceeding established a new non-bypassable charge on VCE customers beginning as early as the second half of 2020 to fund the Wildfire Fund under AB 1054. Whether customers in PG&E's territory will be subject to the charge will be determined only after its Bankruptcy proceeding is complete. The Decision leaves the proceeding open to later consider the annual revenue requirement and sales forecast for the Wildfire Fund non-bypassable charge in 2020.
- **Next Steps:** The non-bypassable charge will go into effect as early as the second half of 2020.
- **Additional Information:** [D.19-10-056](#) approving a non-bypassable charge (October 24, 2019); [Scoping Memo and Ruling](#) (August 14, 2019); [Order Instituting Rulemaking](#) (August 2, 2019); Docket No. [R.19-07-017](#). See also [AB 1054](#).

2018 Rate Design Window

On October 14, 2019, parties filed Phase III reply briefs.

- **Background:** The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 [Phase I](#) Decision granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020. A December 2018 [Phase IIA](#) Decision addressed PG&E's restructuring of the CARE discounts into a single line item percentage discount to the customer's total bill. The July 2019 [Phase IIB](#) Decision made determinations regarding PG&E's rate design under its default TOU roll out beginning in October 2020 and established a process for a CCA wishing to have its customers defaulted to TOU generation rates. The proceeding is now focused on [Phase III](#), which considers the IOUs' proposals for fixed charges and/or minimum bills.
- **Details:** N/A.
- **Analysis:** This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures its residential rates. CCAs are not obligated to default their customers to TOU generation rates, but regardless of whether a CCA offers TOU generation rates, CCA customers will be subject to default TOU distribution rates.
- **Next Steps:** A Proposed Decision is expected in Q1 2020. PG&E's Phase 2 rate case is anticipated to be filed on November 22, 2019.
- **Additional Information:** [D.19-07-004](#) in Phase IIB (July 19, 2019); PG&E Phase III [Revised Testimony](#) on fixed charges (April 12, 2019, and March 29, 2019); [D.18-12-004](#) on Phase IIA Issues (December 21, 2018); [Ruling](#) clarifying scope (July 31, 2018); [D.18-05-011](#) (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); [Amended Scoping Memo](#) (April 10,

2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. [A.17-12-011](#) (consolidated).

Utility Wildfire Mitigation Plans Rulemaking

On October 10, 2019, the ALJ issued a Ruling requesting comments on Phase 2 workshops and later granted an extension of time due to ongoing wildfires directly impacting parties in this proceeding. On October 14, 2019, the Counties of Mendocino, Napa, and Sonoma, and the City of Santa Rosa (Joint Local Governments) filed a Motion requesting the CPUC reject PG&E's AL 5582-E that purported to implement a CPUC directive regarding PG&E's programs to share de-energization and wildfire-related information with its local public safety partners. On October 21, 2019, a group of senior unsecured noteholders ("Ad Hoc Committee of Senior Unsecured Noteholders") filed a Motion for Party Status, and PG&E filed a response on October 23, 2019. Also on October 23, CPUC Executive Director Alice Stebbins authorized the IOUs to share PSPS data with local and tribal governments. On October 25, 2019, the IOUs filed reports on their PSPS events. PG&E filed a Response to the Joint Local Governments' Motion on October 29, 2019.

- Background:** This proceeding implements electric utility Wildfire Mitigation Plans pursuant to SB 901 (2018). PG&E's Wildfire Mitigation Plan, approved with modifications in June 2019 (D.19-05-037), provided an expanded use by PG&E of its Public Safety Power Shutoff (PSPS) program to prevent wildfires from occurring during extreme weather events and dry vegetation conditions, with the number of electric customer premises potentially impacted by PSPS events increasing year-over-year from 570,000 to 5.4 million. The CPUC's separate 2019 Guidance Decision (D.19-05-036), addressing issues that are common to all of the Wildfire Mitigation Plans, ordered all IOUs to collect data and file reports on this year's Wildfire Mitigation Plans, initiated a process to establish metrics to evaluate the Wildfire Mitigation Plans, and established a process for 2020 Wildfire Mitigation Plans.
- Details:** The Ruling seeks comment related to metrics to determine whether the utilities' wildfire mitigation measures are effective in reducing the risk of catastrophic wildfire; the process for handling future Wildfire Mitigation Plans pursuant to AB 1054 and 111 (2019); the process for hiring and using an Independent Evaluator to track utilities' work pursuant to Wildfire Mitigation Plans; and in-language outreach to communities before, during and after wildfires.

The Joint Local Governments' Motion asserts that PG&E's plan is not only inadequate to meet the needs of PG&E's local public safety partners, but it does not comply with the CPUC's directives in D.19-05-037. The local governments request the CPUC direct PG&E to develop a new proposal in cooperation with local public safety partners and submit the new plan as a Tier 3 Advice Letter, asserting that "This is not a matter on which PG&E is competent to make its own decisions."

PG&E's Response to the Joint Local Governments' Motion acknowledges that "the October 9-12 PSPS Event had various, and in some cases extreme, shortcomings" but argues that the Commission should approve its advice letter and instead address remedies relating to the October 9-12 PSPS Event in R.18-12-005 (the De-Energization Proceeding) and that PG&E already has an obligation to provide weekly updates to the Commission. We note that the link to PG&E's PSPS report provided in PG&E's October 25, 2019, email to the service list did not return a result for such a report.

The Ad Hoc Committee of Senior Unsecured Noteholders is the entity that holds approximately \$10 billion in unsecured PG&E credit and has filed the alternative bankruptcy plan in PG&E's case in the Bankruptcy Court. Their intervention in this docket is similar to other recent interventions in PG&E-related cases at the CPUC. PG&E filed a Response opposing the Ad Hoc Committee's Motion.

- Analysis:** PG&E's Wildfire Mitigation Plan established its management approach to preventing wildfires in the future and included provisions impacting the quality of service experienced by VCE customers (e.g., PG&E's procedures for de-energizing electrical lines) and costs paid by

VCE customers (e.g., PG&E's expenditures related to maintaining its transmission and distribution systems are paid by all distribution customers, including VCE customers). While wildfire plans can influence the approach and investments made by utilities like PG&E to mitigate the risk of catastrophic wildfires, cost recovery issues are generally outside the scope and will be separately addressed through utility GRCs.

- **Next Steps:** Comments on the Ruling are due November 6, 2019, and replies are due November 18, 2019. The Joint Local Governments' reply to PG&E's Response to their motion is due November 8.
- **Additional Information:** [Ruling](#) granting extension of time (October 25, 2019); Motion by local governments requesting rejection of AL [5582-E](#) (October 14, 2019); [Ruling](#) requesting comments on Phase 2 workshops (October 10, 2019); [Scoping Ruling on Phase 2](#) (September 18, 2019); [AL 5555-E](#) establishing Wildfire Plan Memorandum Account (August 8, 2019); [Ruling](#) launching Phase 2 of proceeding (June 14, 2019); [D.19-05-037](#) PG&E-specific decision on 2019 Wildfire Mitigation Plan (June 4, 2019); [D.19-05-036](#) Guidance Decision on 2019 Wildfire Mitigation Plans (June 3, 2019); [PG&E Second Amendment to Wildfire Mitigation Plan](#) (April 25, 2019); [PG&E Wildfire Mitigation Plan](#) (February 6, 2019); [Order Instituting Rulemaking](#) (October 25, 2018); Docket No. [R.18-10-007](#).

PG&E's 2020 ERRA Forecast

On October 21, 2019, and October 31, 2019, parties filed opening and reply briefs, respectively.

- **Background:** ERRA forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

In its July Supplement, PG&E said it would reflect its proposed application of the PCIA rate cap or a CPUC approved PCIA rate cap in the PCIA rates presented as part of PG&E's November Update. PG&E's July Supplement showed an increase in several of its forecasted costs compared to initial filing, as follows:

- Increasing the 2020 ERRA revenue requirement from \$2.908 billion to \$3.184 billion.
- Increasing the PCIA from \$2.549 billion to \$2.996 billion.
- Increasing the Competition Transition Charge (CTC) from \$62.2 million to \$81.5 million.
- Increasing the Cost Allocation Mechanism from \$147.4 million to \$147.8 million.
- Maintaining the Tree Mortality Non-Bypassable Charge at \$92.6 million.
- Maintaining the utility-owned generation revenue requirement forecast at \$2.368 billion.
- **Details:** The Joint CCAs filed opening and reply briefs requesting the Commission:
 - Only approve the PABA undercollection once PG&E has provided gross data regarding monthly revenues, costs and quantities of energy and capacity sold and consumed to date. Only these data allow the Commission and parties to substantiate PG&E's year-end PABA forecast and understand the causes of the enormous under-collection therein;
 - Slightly modify PG&E's proposal to return the CAM dollars so that it uses the utility's 2020 load forecast for calculating the vintaged rate refunds. Further, the implementation of PG&E's ratemaking proposal should occur in this proceeding, either directly within the final decision or via an ordering paragraph allowing the 2020 PCIA rates to be revised once PG&E's 2018 ERRA Compliance proceeding, A.19-02-018, concludes;
 - Prevent a cost shift to CCA customers and PG&E's bundled customers by allocating a portion of the cost of PG&E's unsold RA capacity to pre-2009 vintage customers and customers subject to the CTC;

- Implement the \$0.005/kWh cap authorized in D.18-10-019 using the capped rates presented in the Joint CCAs' testimony;
 - Forecast the 2020 Total Portfolio Cost using the UOG costs approved in PG&E's 2017 GRC, adjusted for the 2017 TCJA;
 - Reflect the savings to be refunded to customers in 2018 and 2019 from the TCJA calculated in PG&E's now-effective Advice Letter 5636-E; and
 - Identify the right forum for parties to discuss increasing transparency between the AET and the ERRA forecast proceedings.
- **Analysis:** This proceeding will establish the amount of the PCIA for VCE's 2020 rates and the level of PG&E's generation rates for bundled customers. The PCIA revenue requirement detailed above is now shared between bundled and unbundled customers. PG&E's requested increase in the PCIA revenue requirement for unbundled customers only for this year is approximately \$650 million, an increase of over two-thirds of the final revenue requirement for unbundled customers from last year.
 - **Next Steps:** On November 8, 2019, PG&E will update its 2020 ERRA Forecast revenue requirements, forecasted end of year balancing account balances, and electric sales forecast, after which parties will have 10 days to file comments. A proposed decision is anticipated by December 2, 2019, with comments and reply comments, respectively, due 10 and 15 days thereafter, followed by a final decision on December 19, 2019.
 - **Additional Information:** [Scoping Memo and Ruling](#) (August 22, 2019); [Application](#) (June 3, 2019); [Testimony](#) available on PG&E's regulatory webpage (June 3, 2019); Docket No. [A.19-06-001](#).

PG&E Phase 1 GRC

Evidentiary hearings began on September 23, 2019 and continued throughout October.

- **Background:** PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional \$1.058 billion (from \$8.518 billion to \$9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution (\$2.097 billion total, or a \$134 million increase), electric distribution (\$5.113 billion total, or a \$749 million increase), and generation (\$2.366 billion total, or a \$175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by \$10.57, or 6.4%, comprised of an electric bill increase of \$8.73 and a gas bill increase of \$1.84. For 2021 and 2022, PG&E requested total increases of \$454 million and \$486 million, respectively. PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental \$5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to \$2 billion in insurance costs.

Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic

resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are \$83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~\$59 million in 2021-2022) expected as the largest subcategory of future expenses.

- **Details:** N/A.
- **Analysis:** PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.
- **Next Steps:** A hearing is scheduled for November 6, 2019. Briefs and reply briefs, respectively, are due November 22, 2019, and December 20, 2019. A proposed GRC Phase 1 decision is targeted for Q1 2020. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase 2 proceeding, which PG&E plans to file by November 22, 2019.
- **Additional Information:** [Ruling](#) setting public participation hearings (May 7, 2019); [Scoping Memo and Ruling](#) (March 8, 2019); [Joint CCAs' Protest](#) (January 17, 2019); [Application](#) and [PG&E GRC Website](#) (December 13, 2018); Docket No. [A.18-12-009](#).

PG&E's 2018 ERRA Compliance

On September 30, 2019, PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) filed a joint motion requesting approval of a settlement agreement.

- **Background:** ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the ERRA balancing account. In its application, PG&E requested that the CPUC find that it 2018 PG&E complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, and least-cost dispatch of electric generation resources, as well as that it managed its utility-owned generation (UOG) facilities reasonably. PG&E also requested recovery of \$4.7 million for Diablo Canyon seismic study costs.
- **Details:** The Settlement Agreement resolves all disputed issues raised by parties to this proceeding. The Joint CCAs agreed to withdraw their recommendation that PG&E be required to provide more details on the timing and methodology used to distribute over-collected funds via PCIA, determining that the July 29, 2019 Supplemental Testimony submitted in PG&E's 2020 ERRA Forecast Application (A.19-06-001) contains sufficient information to determine that both bundled and unbundled customers will see simultaneous rate adjustments addressing the prior misallocation of Cost Allocation Mechanism-related costs through the PCIA component of their respective rates. Those adjustments to the PCIA will occur through the Portfolio Allocation Balancing Account to avoid a situation where now-departed customers pay twice for the same energy and capacity. PG&E agreed to participate in a workshop with other California IOUs in order to develop and standardize renewable and storage resource reporting requirements and to certain modest cost disallowances.
- **Analysis:** This proceeding will address whether PG&E correctly calculated and accounted for the actual costs it incurred in 2018 and whether it managed its portfolio of contracts and UOG in a reasonable manner.
- **Next Steps:** Parties have reached a settlement in this proceeding. A Proposed Decision was scheduled for Q1 2020 but may come sooner.

- **Additional Information:** [Scoping Memo and Ruling](#) (June 3, 2019); [Notice of Prehearing Conference](#) (April 17, 2019); [Response](#) of EBCE and PCE (April 5, 2019); [Resolution](#) categorizing proceeding as ratesetting (March 14, 2019); [PG&E Application](#) (February 28, 2019); Docket No. [A.19-02-018](#).

RPS Rulemaking

No updates this month.

- **Background:** This proceeding addresses ongoing or remaining RPS issues not addressed in the previous RPS rulemaking proceeding. VCE filed its 2019 RPS Procurement Plan on June 21, 2019, and its 2018 RPS Compliance Report on August 1, 2019.
- **Details:** N/A.
- **Analysis:** D.19-09-007, as well as recent D.19-08-007 on RPS enforcement actions for two ESPs, reinforce the CPUC's increasing scrutiny of CCAs and their compliance obligations, and the potentially large penalties associated with non-compliance. D.19-09-043 impacts utilities' valuation of various renewable and renewable-paired storage resources for their RPS procurements and directs IOUs to analyze 4-hour duration batteries in ELCC studies.

Remaining issues to be addressed in this proceeding could also impact RPS compliance obligations and above-market costs for the PCIA calculation. For instance, the April 2019 Ruling proposed a process that would allow LSEs like VCE to forgo filing a separate RPS Procurement Plan in 2020 by using its 2020 IRP filing instead.

- **Next Steps:** According to the updated scoping Ruling, a PD and decision on 2019 RPS Procurement Plans is anticipated for Q4 2019.
- **Additional Information:** [D.19-09-043](#) on ELCC modeling (September 26, 2019); [D.19-09-007](#) on new CCAs' 2018 RPS Procurement Plans (September 18, 2019); [D.19-08-007](#) on RPS enforcement actions (August 7, 2019); [D.19-06-023](#) on implementing SB 100 (May 22, 2019); [Ruling](#) extending procedural schedule (May 7, 2019); [Ruling](#) identifying issues, schedule and 2019 RPS Procurement Plan requirements (April 19, 2019); [PG&E Final, Conforming 2018 RPS Procurement Plan](#) (March 15, 2019); [D.19-02-007](#) (February 28, 2019); [Scoping Ruling](#) (November 9, 2018); Docket No. [R.18-07-003](#).

Wildfire Cost Recovery Methodology Rulemaking

On October 22, 2019, the Ad Hoc Committee of Senior Unsecured Noteholders filed a Motion for Party Status, and PG&E filed a response on October 24, 2019. An August 7, 2019, PG&E Application for Rehearing remains pending regarding the CPUC's recent Decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (D.19-06-027).

- **Background:** SB 901 requires the CPUC to determine, when considering cost recovery associated with 2017 California wildfires, that the utility's rates and charges are "just and reasonable." In addition, and notwithstanding this basic rule, the CPUC must "consider the electrical corporation's financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service."

D.19-06-027 found that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility's financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019

Staff Proposal, with some modifications. The framework requires a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.

PG&E's application for rehearing challenges the CPUC's prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E's rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all IOUs. Several parties filed responses to PG&E's application for rehearing disagreeing with PG&E.

- **Details:** N/A.
- **Analysis:** This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps:** The only matter remaining to be resolved in this proceeding is PG&E's application for rehearing. This proceeding is otherwise closed.
- **Additional Information:** [PG&E Application for Rehearing](#) (August 7, 2019) [D.19-06-027](#) (adopted June 27, 2019); [Assigned Commissioner's Ruling](#) releasing Staff Proposal (April 5, 2019); [Scoping Memo and Ruling](#) (March 29, 2019); [Order Instituting Rulemaking](#) (January 18, 2019); Docket No. [R.19-01-006](#). See also [SB 901](#), enacted September 21, 2018.

Investigation into PG&E's Organization, Culture and Governance (Safety OII)

No updates this month. On October 22, 2019, the Ad Hoc Committee of Senior Unsecured Noteholders of PG&E filed a Motion for Party Status, to which PG&E responded on October 24, 2019. On October 31, 2019, PG&E filed its quarterly report on safety culture and governance.

- **Background:** On December 21, 2019, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

In June 2019, D.19-06-008 ordered PG&E to report on the safety experience and qualifications of the PG&E Board of Directors and establishes an advisory panel on corporate governance. The brief Decision required PG&E to provide a variety of information on each PG&E and PG&E Corporation Board member involving safety training, related work experience, previous positions held, and current professional commitments.

- **Details:** N/A.
- **Analysis:** This proceeding could have a range of possible impacts on CCAs within PG&E's territory and their customers, given the broad issues under investigation pertaining to PG&E's corporate structure and governance.
- **Next Steps:** TBD.
- **Additional Information:** [Motion for Party Status](#) of the Ad Hoc Committee of Senior Unsecured Noteholders of PG&E (October 22, 2019); [Ruling](#) on proposals to improve PG&E safety culture (June 18, 2019); [D.19-06-008](#) directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); [Scoping Memo](#) (December 21, 2019); Docket No. [I.15-08-019](#).

Other Regulatory Developments

- Annual Electric True-up:** On October 15, 2019, PG&E filed its preliminary annual electric true-up (Advice Letter [5661-E](#)). PG&E is forecasting a 7% increase in PG&E’s system bundled average electric rate and a 12% increase in PG&E’s system average rate for Direct Access and CCA customers, effective January 1, 2020. The rate increase would result in a typical bundled residential customer’s bill increasing by \$8.93, local media [reported](#). Protests of PG&E’s Advice Letter were due November 4. A group of CCAs, including VCE, filed a response to the AET highlighting inconsistencies in the data PG&E presented and on-going transparency and consistency issues between the AET and the ERRA forecast proceeding.
- SB 237 Direct Access Rulemaking:** On September 20, 2019, the CPUC issued a Ruling kicking off Phase 2 of its implementation of expansion of direct access under SB 237, which addresses the requirement that the CPUC develop recommendations on re-opening direct access fully to all interested non-residential customers (Docket No. [R.19-03-009](#)). The recommendations will be based on an Energy Division study. Parties including CalCCA submitted comments and reply comments, respectively, on September 30, 2019, and October 7, 2019. CalCCA comments recommended a more comprehensive analysis than the Commission’s prior deliberations on DA expansions, including consideration of how DA expansion could potentially destabilize decarbonization goals, as well as result in cost-shifting.

Glossary of Acronyms

AB	Assembly Bill
AET	Annual Electric True-up
ALJ	Administrative Law Judge
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board
CEC	California Energy Commission
CPUC	California Public Utilities Commission
CTC	Competition Transition Charge
GRC	General Rate Case
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
IEPR	Integrated Energy Policy Report
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
LSE	Load-Serving Entity
PABA	Portfolio Allocation Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PFM	Petition for Modification
PCIA	Power Charge Indifference Adjustment

RA	Resource Adequacy
RDW	Rate Design Window
RPS	Renewables Portfolio Standard
SCE	Southern California Edison
SED	Safety and Enforcement Division (CPUC)
SDG&E	San Diego Gas & Electric
TCJA	Tax Cuts and Jobs Act of 2017
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: November 14, 2019

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Regulatory and Legislative Task Group on numerous legislative bills. Below is a summary of 2-year bills that potentially will move in 2020 and that PPG anticipates VCE/CalCCA may want to engage in:

1. **AB 56 (Garcia, Eduardo) Electricity: procurement by the California Alternative Energy and Advance Transportation Financing Authority.**

Summary: Would require the Public Utilities Commission to empower the California Alternative Energy and Advanced Transportation Financing Authority to undertake backstop procurement of electricity that would otherwise be performed by an electrical corporation to meet the state resource adequacy, integrated resource planning, and renewable portfolio standard goals not satisfied by retail sellers or load-serving entities. The bill would authorize the authority to undertake backstop procurement consistent with specified objectives and to manage the resale of electricity for its contracted resources. The bill would require the commission to periodically review the need for, and the benefits of, continuing to empower the authority to undertake backstop procurement responsibilities.

Status: VCE submitted an oppose position letter on June 6, 2019. This bill was held in Senate Energy, Utilities and Communications Committee and was granted reconsideration. AB 56 is now a 2-year bill that can be taken up in the 2020 legislative session.

2. **SB 350 (Hertzberg) Electricity: resource adequacy: multiyear centralized resource adequacy mechanism.**

Summary: Would authorize the Public Utilities Commission to consider a multiyear centralized resource adequacy mechanism, among other options, to most efficiently and equitably meet specified resource adequacy objectives.

Status: Senator Hertzberg was working with Assemblymember E. Garcia, and, when AB 56 (Garcia) died in Senate Energy Committee, Senator Hertzberg made SB 350 a 2-year bill.

3. **AB 235 (Mayes) Electrical corporations: wildfire victim recovery bonds.**
Summary: Would, under specific circumstances, authorize the Public Utilities Commission, upon application by an electrical corporation, to issue financing orders to support the issuance of wildfire victim recovery bonds by an electrical corporation or other financing entity to finance wildfire recovery costs, as provided. The bill would authorize the California Infrastructure and Economic Development Bank to act as a financing entity for these purposes, for wildfire victim recovery bonds totaling not more than \$20,000,000,000 at any one time. This bill contains other related provisions.

4. **SB 378 (Wiener) Electrical corporations: deenergization events: procedures: allocation of costs: reports.**
Summary: Would require an electrical corporation to annually report to the commission, the Office of Emergency Services, the Department of Forestry and Fire Protection, the Independent System Operator, and county governments within its service territory on the age, useful life, and condition of the electrical corporations' equipment, including the date of most recent inspection and maintenance records, with an assessment of the current and future fire and safety risk posed by the equipment, as well as of the economic, environmental, and public safety impacts of deenergization events, as defined. This bill contains other related provisions and existing.

5. **SB 597 (Hueso) Pumped hydropower system: pilot project.**
Summary: Would require the Existing law requires the Public Utilities Commission to direct one or more electrical corporations to procure of a single large-scale, long-duration energy storage pilot project meeting certain requirements, as specified. The bill would require an electrical corporation subject to this procurement requirement to submit to the commission for approval a proposed cost-of-service or similar rate to cover the costs of the procurement based on the proportionate benefit derived by each ratepayer class from the pilot project. Under existing law, a violation of an order, decision, rule, direction, demand, or requirement of the commission is a crime. Because a violation of an order or decision of the commission implementing the requirements of the bill would be a crime, this bill would impose a state-mandated local program by creating a new crime. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

6. **SB 772 (Bradford) Long duration bulk energy storage: procurement.**
Summary: Would require the ISO, on or before June 30, 2022, to complete a competitive solicitation process for the procurement of one or more long duration energy storage projects that in aggregate have at least 2,000 megawatts capacity, but not more than 2,400 megawatts, as provided. The bill would require the ISO, after December 31, 2030, and only if found to be necessary, to complete an additional competitive solicitation process for additional long duration bulk energy storage projects that in aggregate have up to 2,000 megawatts capacity and have targeted commercial operation dates of no later than January 1, 2045.

7. **SB 774 (Stern) Electricity: microgrids.**

Summary: Would require the ISO, on or before June 30, 2022, to complete a competitive solicitation process for the procurement of one or more long duration energy storage projects that in aggregate have at least 2,000 megawatts capacity, but not more than 2,400 megawatts, as provided. The bill would require the ISO, after December 31, 2030, and only if found to be necessary, to complete an additional competitive solicitation process for additional long duration bulk energy storage projects that in aggregate have up to 2,000 megawatts capacity and have targeted commercial operation dates of no later than January 1, 2045.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Valley Clean Energy Alliance Board of Directors
FROM: Mitch Sears, Interim General Manager, VCEA
SUBJECT: Customer Enrollment Update and Call Center Report (Information)
DATE: November 14, 2019

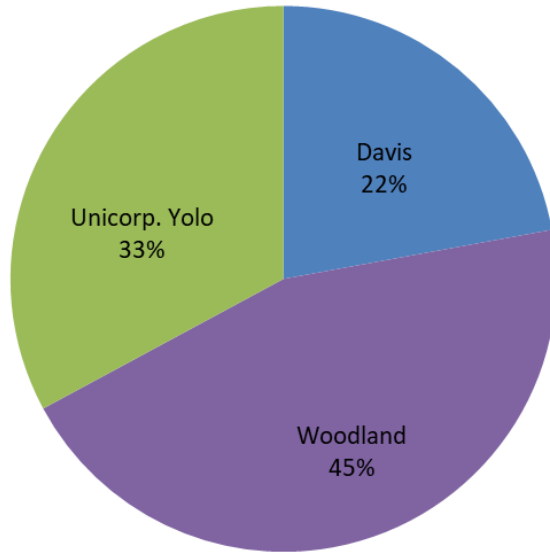
RECOMMENDATION

Receive and review the attached Customer Enrollment update as of November 4, 2019 and the monthly Call Center report as of October 27, 2019.

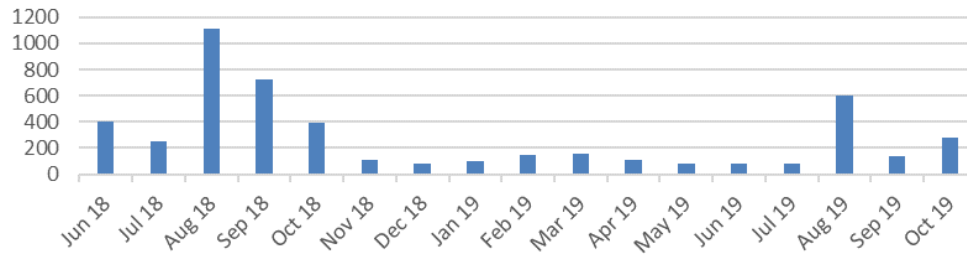
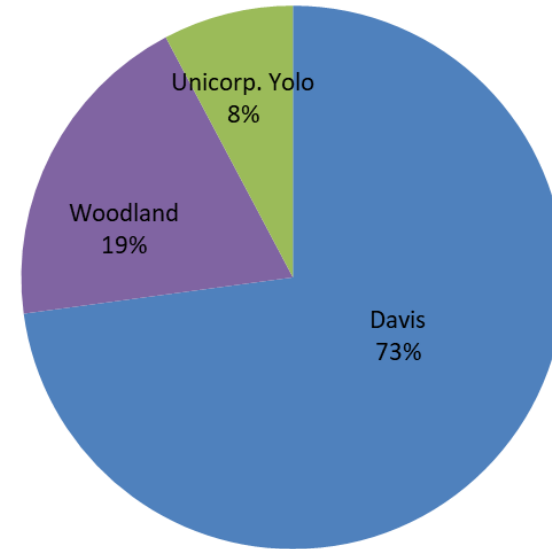
Attachments: November 4, 2019 Enrollment Update
October 27, 2019 Monthly Call Center Report

Enrollment Update

6,014 Opt Outs
9.3% of customers



129 Opt Ups



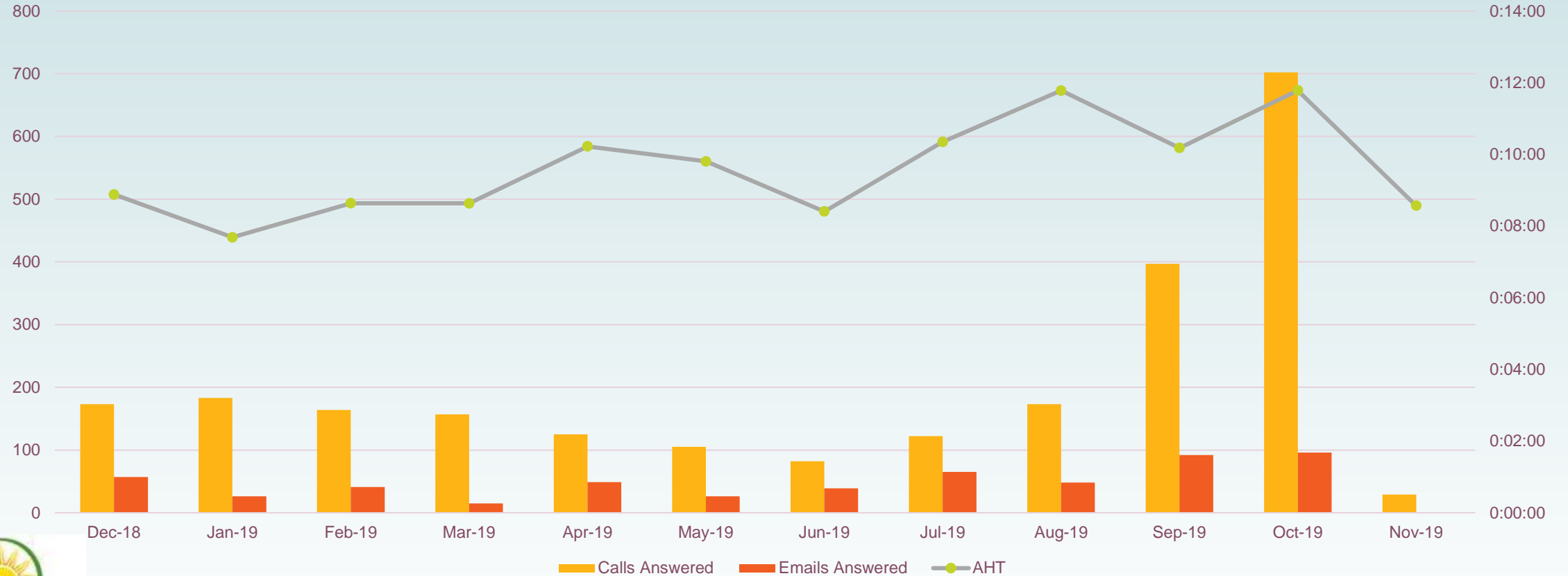
	Eligible	Opt-Out	% Opt Out
Residential	56,500	5,210	9.2%
Non-Residential	8,500	804	9.5%
Total	65,000	6,014	9.3%

Approximately 7,000 NEM customers are pending enrollment with VCE and are included in the eligible total



Monthly Call Center Report

Monthly VCE Volume & AHT
(Rolling 12 Months)



VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Valley Clean Energy Alliance Board of Directors

FROM: George Vaughn, Finance and Operations Director
Mitch Sears, Interim General Manager

SUBJECT: Consultant Donald Dame Contract Extension and Increase Not to Exceed Amount

DATE: November 14, 2019

RECOMMENDATION:

Authorize the Interim General Manager to increase the contract amount for Donald Dame by \$15,000, for services through first quarter of 2020.

BACKGROUND & DISCUSSION:

Donald Dame has provided professional consulting services for VCE since pre-launch in 2018. He continues to provide consulting services, technical review, electric utility expertise, and program implementation assistance among other related skills. Mr. Dame has been instrumental in assisting VCE with the analysis of the potential acquisition of PG&E's local electricity distribution system. This activity is expected to continue into 2020.

The contract with Consultant Donald Dame was to terminate on or around VCEA's launch date, which was in June 2018. In September 2018, the contract was extended to expire December 31, 2018, in January 2019, the contract was extended to expire June 30, 2019; and in June 2019, the contract was extended to expire June 30, 2020 and the contract amount was increased by \$18,000. This amount did not include the increased activity associated with the PG&E bankruptcy that he is involved in for VCE.

As of November 1, 2019, VCE has expended all but \$154 of the \$18,000.

Of the \$17,846 spent to date this fiscal year, nearly all of it (\$16,856) is related to the PG&E acquisition. This is the reason the contract amount has been spent earlier than anticipated.

Staff is requesting that the current contract be increased by \$15,000. This is intended to cover his costs through first quarter of 2020. VCE will utilize a small portion of budget contingency to cover this cost.

CONCLUSION:

Staff continues to use Donald Dame's consultant services within the contract terms for both ongoing support and PG&E acquisition support; and recommends to the Board that the amount of the contract be increased by \$15,000 to cover VCE through the end of the first quarter of 2020.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
George Vaughn, Director of Finance & Internal Operations
Chad Rinde, Asst. Chief Financial Officer, Yolo County

SUBJECT: Approval of Amended and Restated Credit Agreement with River City Bank

DATE: November 14, 2019

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the Amended and Restated Credit Agreement (Agreement) with River City Bank (RCB); and authorize the Interim General Manager and/or Valley Clean Energy Board Chair to take the necessary actions to finalize the Agreement in a manner consistent with the term sheet

BACKGROUND AND ANALYSIS

At the September 12, 2019 Board Meeting, staff provided an update of the RCB credit agreement and debt restructure. The Board gave staff direction to repay the initial \$500,000 loaned by each member to VCE plus interest. The repayments were finalized on October 10, 2019.

At the October 10, 2019 Board meeting, the Board approved the conversion of the current \$1,976,610 RLOC balance to an amortizing 5-year term loan. This conversion was authorized by the Interim General Manager and submitted to RCB on October 23, 2019.

Also at the October 10, 2019 Board meeting, the Board adopted a resolution approving the RCB renewal terms for the revolving line of credit (RLOC) and authorized the Interim General Manager to negotiate the Agreement for the renewal based on the renewal terms. On October 23, 2019, the Interim General Manager executed a term sheet for up to \$11,000,000 in total credit facilities for VCE with RCB.

Today staff seeks Board adoption of the Agreement.

Summary of the Credit Agreement

Although the RLOC terms were presented in detail at the October 10, 2019 Board meeting, following are the primary provisions of the Agreement:

- Total extended credit of \$12,976,610, comprised of \$11,000,000 available RLOC and the \$1,976,610 amortized term loan. Instead of reducing the RLOC by ~\$2 million as was previously contemplated to maintain the overall debt exposure at \$11 million, RCB approved the RLOC renewal up to a total of \$11 million in addition to the term loan to provide VCE with more flexibility.
- Expires on 11/15/2020.
- Ability to issue Letters of Credit. In the event of a Letter of Credit draw, bank will disburse the funds from the RLOC and Borrower must repay bank within 3 business days.
- Monthly interest payments due on outstanding RLOC balance at a variable rate of interest equal to the One (1) Month LIBOR plus 1.75%, subject to a floor rate of 1.75%.
- Loan fee of 0.20% of the Loan Amount, payable upon loan closing.
- Non-utilization fee of .10% of the average daily unused amount of the RLOC, payable upon loan maturity (amount would be \$11,000 payable in one year if none of the RLOC is utilized during the one-year term).
- The fees and expenses to initiate the loan Agreement are estimated to be approximately \$30,000

Conversion of RLOC

- At the expiration of the RLOC, any outstanding balance can be converted to an amortizing Term Loan which matures up to 5 years from conversion date.
- The Term Loan option requires up to 60 equal monthly principal payments plus interest on outstanding balance at a fixed rate of interest equal to the 3 year Treasury Constant Maturity Rate plus 2.00% per annum at the time of conversion.

Other Requirements

- Increase existing Debt Service Reserve Account from \$1,100,000 to \$1,300,000.
- Various other loan covenants:
 - Positive Change in Net Position of \$1.00 or more, measured quarterly year-to-date
 - Debt Service Coverage Ratio of 1.25x or more (only required for Term Loan)
 - Adjusted Unrestricted Tangible Net Position of \$11,000,000
 - Total Liabilities to Unrestricted Tangible Net Position at 2.0 or less
- No Additional Indebtedness: Aside from obligations arising in the ordinary course of business, VCE shall not incur additional indebtedness in excess of \$500,000 without consent of RCB.

All financial factors associated with the RLOC and subsequent Term Loan have been factored into and are accounted for by the VCE financial model.

VCE's financial and management staff, supported by legal counsel with expertise in financial agreements provided by the office of VCE's General Co-Counsel (BBK), participated in the development and review of the Credit Agreement and associated documents. BBK legal counsel has reviewed and approved the documents as to form.

Staff is recommending the Board approve the Agreement with RCB as summarized above, and authorize the Board Chair to approve and execute the Credit Agreement.

Attachments

1. Resolution that approves the Agreement with RCB
2. Amended and Restated Credit Agreement

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND
RESTATED CREDIT AGREEMENT WITH RIVER CITY BANK**

WHEREAS, Valley Clean Energy Alliance (“VCEA”), is a public agency formed in January 2017 under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 *et. seq.*, between the County of Yolo and the City of Davis to provide Community Choice Energy (CCE) programs within the member agencies, and in June 2017, the City of Woodland also joined VCEA adding to the overall VCEA service territory;

WHEREAS, VCEA initially received loans from each member agency of \$500,000, together with co-operative agreements for member agencies to provide contracted staff and supplies during the implementation period, which will continue to June 2019 when VCEA will begin providing CCE programs; and

WHEREAS, VCEA received a line of credit from River City Bank (the “Bank”) for \$11 million to fund power purchases as part of administrating CCE programs, which had a term of 18-months at variable rates and was convertible to a five year term loan with a fixed interest rate; and

WHEREAS, the Bank has prepared and presented an Amended and Restated Credit Agreement (the “Agreement”) to be between VCEA, as borrower, and the Bank, as lender; and

WHEREAS, VCEA has reviewed the terms of the Agreement and desires to fund the administration of the CCE programs in furtherance of its governmental purpose.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Valley Clean Energy Alliance as follows:

Section 1. Findings and Determinations. The Board hereby finds and determines that the above stated recitals are true and correct.

Section 2. Approval of Agreement. The form of Agreement presented at this meeting is hereby approved and the Board Chair and the General Manager are each individually hereby authorized to accept, for and in the name of VCEA, such Agreement with such changes therein as the officer executing the same may approve, in consultation with VCEA’s legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Official Actions. The Board Chair, the General Manager, the Treasurer and any and all other officers of VCEA are hereby authorized and directed, for and in the name and on behalf of VCEA, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents,

instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in connection with the delivery of the Agreement.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Valley Clean Energy Alliance, California, held on the ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

AMENDED AND RESTATED

CREDIT AGREEMENT

Dated as of November __, 2019

by and between

**VALLEY CLEAN ENERGY ALLIANCE,
as Borrower**

and

**RIVER CITY BANK,
as Lender**

AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (this “*Agreement*”) is entered into as of November __, 2019, by and between **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“*Borrower*”), and **RIVER CITY BANK**, a California corporation (“*Lender*”).

W I T N E S S E T H:

WHEREAS, Borrower has requested, and Lender has agreed to make available to Borrower, a credit facility which includes a revolving line of credit upon and subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION.

Section 1.1. Definitions. All capitalized terms used in this Agreement and not otherwise defined have the meanings ascribed to them on **Exhibit A**.

Section 1.2. Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement will have the same defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms is equally applicable to the singular and plural forms of the defined terms.

(b) References. The words “hereof”, “herein”, “hereunder” and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms. The term “documents” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term “including” is not limiting and means “including without limitation.”

(d) Performance; Time. Whenever any performance obligation hereunder is stated to be due or required to be satisfied on a day other than a Business Day, such performance may be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including.” If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision will be interpreted to encompass any and all means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein, references to agreements and other contractual instruments, including this Agreement and the other Loan Documents, will be deemed to include all subsequent amendments thereto, restatements thereof and other modifications and supplements thereto which are in effect from time to time, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) Dollars and \$. All references to “dollars” or “\$” refer to United States dollars.

Section 1.3. Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein will be construed, and all financial computations required under this Agreement will be made, in accordance with GAAP, consistently applied.

(b) References herein to “fiscal year”, “fiscal quarter” and “fiscal month” refer to such fiscal periods of Borrower.

(c) If any change in GAAP results in a change in the calculation of the financial covenants or interpretation of related provisions of this Agreement or any other Loan Document, then Borrower and Lender agree to amend such provisions of this Agreement so as to equitably reflect such changes in GAAP with the desired result that the criteria for evaluating Borrower’s financial condition will be the same after such change in GAAP as if such change had not been made.

SECTION 2. THE REVOLVING LINE OF CREDIT.

Section 2.1. Revolving Credit. Subject to the terms and conditions hereof, Lender agrees to make a revolving credit facility (the “*Revolving Credit*”) available to Borrower for the sole purpose of providing (a) short term working capital (“*Working Capital Advance*”) and (b) to support the issuances of Letters of Credit (each a “*Letter of Credit Advance*” and, collectively the “*Letter of Credit Advances*”) in accordance with Section 4, such Revolving Credit to be in an aggregate principal amount not to exceed, at any one time, the Revolving Credit Commitment at any time prior to the Revolving Credit Termination Date. The Revolving Credit will be disbursed in one or more advances (each, an “*Advance*” and, collectively, the “*Advances*”), provided that the conditions precedent to Advances specified in Section 9 are satisfied. Subject to the Revolving Credit Commitment and the other terms and conditions of this Agreement, Borrower may periodically request Advances; provided, however, that Lender will have no obligation to make Advances on or after the Revolving Credit Termination Date.

Section 2.2. Advances. Advances under this Agreement may be requested in writing by Borrower or any Authorized Representative appointed by Borrower. Borrower agrees that Lender may rely upon any written notice given by any person Lender in good faith believes is an Authorized Representative without the necessity of independent investigation.

Section 2.3. Promissory Note. The Revolving Credit will be evidenced by a **Revolving Credit Promissory Note** (the "*Promissory Note*") made, executed and delivered by Borrower and payable to the order of Lender in the form (with appropriate insertions) attached hereto as **Exhibit B**. For each Letter of Credit requested by Borrower and issued in accordance with Section 4, Borrower will execute and deliver to Lender a promissory note in the form (with appropriate insertions) attached hereto as **Exhibit C** (a "*Letter of Credit Note*") in the stated principal amount equal to the face amount of such Letter of Credit. Each Letter of Credit Note will be deemed an Advance in the full stated principal amount thereof for purposes of determining the Revolving Credit Commitment and the non-utilization fee described in Section 5.1(d). However, each Letter of Credit Note will evidence Borrower's obligation to repay the lesser of the stated principal amount thereof or the unreimbursed amount (the "*Unreimbursed Amount*") of any drawing actually paid by Lender to a beneficiary under a Letter of Credit, in accordance with Section 4.3. All references to "Advances" in Sections 2.4, 3 and 4 shall, with respect to a Letter of Credit Advance, refer solely to the outstanding Unreimbursed Amount(s) evidenced by the corresponding Letter of Credit Note.

Section 2.4. Repayment.

(a) *Revolving Credit Termination Date.* All Advances (including all outstanding principal and accrued but unpaid interest) under the Revolving Credit shall be due and payable in full on the Revolving Credit Termination Date. Until the Revolving Credit Termination Date, Borrower shall repay the Advances with interest as provided herein and in the Promissory Note. This is a revolving credit and any Advances repaid may be re-borrowed prior to the Revolving Credit Termination Date. Provided no Default or Event of Default has occurred or is occurring, Borrower may exercise a one-time option to convert the outstanding Advances under the Revolving Credit to a term loan as provided below.

(b) *Conversion of Revolving Advances to a Term Loan.* Borrower may exercise a one-time option to convert the outstanding Advances under the Revolving Credit to a term loan (the "*Term Loan*") as follows: No earlier than October 15, 2020 or later than November 2, 2020, Borrower must notify Lender in writing of its intent to convert outstanding Advances to a Term Loan and specify the desired conversion date, which must be not earlier than five (5) business days after the notice date or later than November 15, 2020. The Term Loan will be payable in installments of sixty (60) equal monthly principal payments plus interest payable monthly in arrears at the Applicable Rate as determined by Lender on the date of conversion. The Term Loan shall be governed by the terms and conditions of this Agreement and evidenced by a promissory note (the "*Term Note*") made, executed and delivered by Borrower in the form (with appropriate insertions) attached hereto as **Exhibit D**. The Revolving Credit Commitment shall be reduced by the original principal amount of the Term Loan and shall not be increased by any payments made under the Term Note.

SECTION 3. INTEREST, LATE FEES, PREPAYMENTS AND APPLICATIONS.

Section 3.1. Interest Payments.

(a) Advances. The outstanding principal balance of Advances will bear interest (which Borrower hereby promises to pay at the rates and at the times set forth therein) prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full, as provided herein and in the Promissory Note. The determination of the Applicable Rate by Lender shall be conclusive and binding on Borrower in the absence of demonstrable error.

(b) Interest Payment Dates. Borrower will pay regular monthly payments of all accrued but unpaid interest on the Advances as of each Payment Date. Interest on the Advances will be payable monthly in arrears on each Payment Date. Borrower will make all payments at the address specified in Section 3.4.

(c) Late Fees. If Borrower fails to make any payment of principal or interest under the Notes or any other sum payable hereunder or under any other Loan Document within five (5) calendar days after its due date, Lender will be entitled at its option to impose a late charge in an amount equal to six percent (6.00%) of the amount of such past due payment, which charge, if imposed by Lender, shall be due and payable by Borrower immediately upon receipt of written notice thereof.

Section 3.2. Computation of Interest; Minimum and Maximum Interest Rates. All interest on the Advances will be calculated on the basis of a year of 360 days for the actual number of days elapsed. In no event shall the applicable interest rate exceed the maximum rate allowed by law (including Government Code Section 53854).

Section 3.3. Prepayments.

(a) Voluntary Prepayment. Borrower may voluntarily prepay Advances, in whole or in part, at any time without any penalty or fee. In connection with such prepayment, Borrower may prepay the principal amount of any Note, in whole or in part, together with interest accrued on the principal amount prepaid, at its option and without premium, prior to the applicable Maturity Date or the Termination Date, as the case may be.

(b) Mandatory Prepayment. Borrower will, upon demand, prepay Advances at any time and to the extent that the outstanding principal amount of all Advances exceeds the Revolving Credit Commitment.

(c) Application of Prepayments. All prepayments shall be applied in accordance with Section 3.4.

Section 3.4. Place and Application of Payments and Collections. All payments of principal, interest, fees and all other Obligations payable hereunder will be made to Lender at the

following address no later than 2:00 p.m. (Pacific Standard Time) on the date any such payment is due and payable:

River City Bank
Loan Center
2485 Natomas Park Drive, Suite 400
Sacramento, CA 95833

So long as any Event of Default has occurred and is continuing, Borrower agrees that Lender, in its sole and absolute discretion, may apply any payments or collections received by Lender from Borrower in respect of the Revolving Credit to any of the Obligations in any manner or order as Lender desires. Lender's receipt and application of payments or collections shall not constitute a waiver or cure of any Default.

Section 3.5. Notations. All Advances made and evidenced by a Note and the rates of interest applicable thereto will be recorded by Lender on its books and records or, at its option in any instance, endorsed on a schedule to such Note, and the unpaid principal balance and interest rates so recorded or endorsed by Lender will be *prima facie* evidence in any court or other proceeding brought to enforce such Note of the principal amount remaining unpaid, the status of the Advances evidenced by such Note and the applicable interest rates; provided, however, that the failure of Lender to record any of the foregoing will not limit or otherwise affect the obligation of Borrower to repay the principal amount of such Note together with accrued interest thereon. Prior to any negotiation of any Note, Lender will record on a schedule thereto the status of all amounts evidenced by such Note and the rates of interest applicable thereto.

SECTION 4. LETTERS OF CREDIT.

Section 4.1. Letter of Credit Commitment.

(a) Subject to the terms and conditions of this Agreement, Lender agrees, in reliance upon the agreements of Borrower, (1) to issue Letters of Credit in Dollars for the account of Borrower, and (2) to honor drawings under the Letters of Credit; provided that after giving effect to any Letter of Credit Advance, the aggregate principal amount of all Advances shall not exceed the Revolving Credit Commitment. Each request by Borrower for the issuance of a Letter of Credit shall be deemed to be a representation by Borrower that the Letter of Credit Advance so requested complies with the conditions set forth in the proviso to the preceding sentence and the other terms and conditions of this Agreement.

(b) Lender shall have no obligation to issue any Letter of Credit if:

(i) The initial expiry date of the requested Letter of Credit would occur more than twelve (12) months after the date of issuance;

(ii) The initial expiry date of the requested Letter of Credit would occur more than twelve (12) months after the Revolving Credit Termination Date;

(iii) The expiry date of the requested Letter of Credit, after giving effect to any auto-renewal feature, would occur more than seven (7) years after the date of issuance; provided, however, that this condition shall not apply (1) if the Letter of Credit is secured by cash collateral, or (2) Lender's Chief Executive Officer or Chief Credit Officer approves a waiver of this condition in writing;

(iv) The requested Letter of Credit does not provide Lender with the opportunity to decline to renew the Letter of Credit at least annually, or requires Lender to provide a notice of non-renewal, if any, earlier than 90 days before the expiration of the Letter of Credit;

(v) The requested Letter of Credit contains terms and conditions required by the beneficiary that are deemed unacceptable to Lender;

(vi) Any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin Lender from issuing such Letter of Credit, or any law applicable to Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over Lender shall prohibit, or request that Lender refrain from, the issuance of letters of credit generally, or such Letter of Credit in particular or shall impose upon Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which Lender is not otherwise compensated hereunder) not in effect on the date of this Agreement, or shall impose upon Lender any unreimbursed loss, cost or expense which was not applicable as of the date of this Agreement and which Lender in good faith deems material to it;

(vii) The issuance of such Letter of Credit would violate one or more policies of Lender generally applicable to the issuance of letters of credit;

(viii) The Letter of Credit is to be denominated in a currency other than Dollars;

(ix) The Letter of Credit provides for automatic reinstatement or renewal of the stated amount after any drawing thereunder; or

(x) The issuance of the Letter of Credit would cause the aggregate principal amount of all Advances to exceed the Revolving Credit Commitment at the time of issuance.

Section 4.2. Issuance of Letters of Credit.

(a) Each Letter of Credit shall be issued upon the request of Borrower delivered to Lender in the form of Lender's standard Letter of Credit Application (in the form attached as **Exhibit H** to this Agreement) completed to the satisfaction of Lender and signed by an Authorized Representative of Borrower. Such Letter of Credit Application must include the final text of the proposed Letter of Credit as approved by the beneficiary, Lender and Lender's issuing correspondent bank, and must specify in form and detail satisfactory to Lender: (i) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (ii) the amount thereof; (iii) the expiry date thereof; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by such beneficiary in the case of any drawing thereunder; (vi) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder;

(vii) the purpose and nature of the requested Letter of Credit, which shall be to pay for power purchases or to provide collateral security for power purchases; and (viii) such other matters as Lender may require. Additionally, Borrower will furnish to Lender such other documents and information pertaining to such requested Letter of Credit issuance as Lender may request. The Letter of Credit Application and required information may be sent via electronic image or other electronic format, by US mail, overnight courier, or by any other means acceptable to Lender and must be received by Lender not later than five (5) Business Days (or such later date as Lender may agree in its sole discretion) before the proposed issuance date.

(b) Subject to the terms and conditions hereof, Lender shall, on the requested date, issue a Letter of Credit for the account of Borrower in such form as may be approved from time to time by Lender and in accordance with Lender's usual and customary business practices.

(c) Promptly after its delivery of any Letter of Credit to the beneficiary thereof, Lender will also deliver to Borrower a true and complete copy of such Letter of Credit.

Section 4.3. Drawings and Reimbursements of Letters of Credit. Upon the presentment of any notice of drawing under any Letter of Credit by the beneficiary thereof which Lender determines to be in compliance with the conditions for payment thereunder, Lender will notify Borrower of the intended date of honor of such drawing. Not later than 5:00 p.m. (Pacific Standard Time) on the date (the "*Reimbursement Date*") that is three (3) Business Days after any payment by Lender under a Letter of Credit (each such date, an "*Honor Date*"), Borrower shall reimburse Lender by making payment to Lender in an amount equal to the amount of such payment. Borrower's failure to so reimburse Lender on or before the Reimbursement Date shall constitute an Event of Default under this Agreement.

Section 4.4. Unexpired Letters of Credit. Borrower agrees that, if (i) any Letter of Credit has been issued by Lender or its correspondent and remains unexpired on the Revolving Credit Termination Date or (ii) the amount of all Letter of Credit Advances exceeds the Revolving Credit Commitment, Borrower shall immediately pledge and deposit with or deliver to Lender, cash collateral with a value of not less than 110% of (y) the aggregate principal amount of all Letter of Credit Advances with respect to unexpired Letters of Credit or (z) the amount by which the amount of all Letter of Credit Advances exceeds the Revolving Credit Commitment, as applicable. Upon the drawing of any Letter of Credit that has been cash collateralized, the funds held as cash collateral shall be applied (without any further action by or notice to or from Borrower) to reimburse Lender.

Section 4.5. Obligations Absolute.

(a) The obligation of Borrower to reimburse Lender for each drawing under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any waiver by Lender of any requirement that exists for Lender's protection and not the protection of Borrower or any waiver by Lender that does not in fact materially prejudice Borrower;

(v) any honor of a demand for payment presented electronically, even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by Lender in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the International Standby Practices ("ISP") or the Uniform Customs and Practice for Documentary Credits ("UCP"), as applicable;

(vii) any payment by Lender under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by Lender under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or discharge of, any party to the Loan Documents.

(b) Borrower shall promptly examine a copy of each Letter of Credit that is delivered to it, and, in the event of any claim of noncompliance with Borrower's instructions or other irregularity, Borrower will immediately notify Lender of such claim in writing. Borrower shall be conclusively deemed to have waived any such claim it would have against Lender and its correspondents unless such notice is given.

Section 4.6. Role of Lender as L/C Issuer. Borrower agrees that, in paying any drawing under a Letter of Credit, Lender or its correspondent shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by such Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering such document. None of Lender, any of its

Related Parties nor any correspondent, participant or assignee of Lender shall be liable to Borrower for (i) any action taken or omitted in connection herewith at the request of Borrower; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. Neither Lender, nor any correspondent, participant or assignee of Lender shall be liable or responsible for any of the matters described in Section 4.2; provided, however, that anything in such clauses to the contrary notwithstanding, Borrower may have a claim against the Lender to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by Borrower which Borrower proves were caused by Lender's willful misconduct or gross negligence or Lender's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and Lender shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

Section 4.7. Applicability of ISP, Limitation of Liability. Unless otherwise expressly agreed by Lender and Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each Letter of Credit. Notwithstanding the foregoing, Lender shall not be responsible to Borrower for, and Lender's rights and remedies against Borrower shall not be impaired by, any action or inaction of Lender required or permitted under any law, order or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the law of any jurisdiction where Lender or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade – International Finance Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

Section 4.8. Letter of Credit Fees. Borrower shall pay to Lender (i) fees upon the issuance of each Letter of Credit in an amount equal to the greater of two percent (2.00%) per annum of the face amount thereof over the anticipated expiration period the ("Issuance Fee") or Four Hundred and 00/100 Dollars (\$400.00) (the "Flat Fee"), (ii) a documentation fee in connection with the issuance or amendment of any Letter of Credit in an amount equal to Two Hundred Fifty and 00/100 Dollars (\$250.00), and (iii) reasonable and customary fees upon the occurrence of any other activity with respect to any Letter of Credit (including without limitation, the transfer or cancellation of any Letter of Credit). The fee for any increase to a Letter of Credit shall be an amount equal to the greater of the Issuance Fee (based on the amount of the increase and remaining period) or the Flat Fee. Borrower shall pay to Lender market

prices as reasonably determined by Lender for Letters of Credit issued by Lender's correspondent banks. All Letter of Credit Fees will be due and payable in full upon request by Lender.

Section 4.9. Billing and Payment of the Issuance Fee. The Issuance Fee will be calculated by Lender and due and payable upon issuance. Lender will calculate the Issuance Fee by taking the outstanding face amount of the Letter of Credit, multiplying by .02, and dividing by 360 to arrive at a daily per diem. The daily per diem will be multiplied by the number of days in the anticipated expiration period to arrive at the Issuance Fee.

SECTION 5. FEES.

Section 5.1. Upon execution of this Agreement, Borrower shall pay to Lender fees for this Agreement as follows:

(a) Loan Fee. A Loan Fee in an amount equal to .20% of the Revolving Credit Commitment (\$22,000.00).

(b) Documentation Fee. A Documentation Fee in an amount equal to \$500.00.

(c) Legal Fees. Lender's legal fees incurred in connection with this Agreement.

(d) Non-Utilization Fee. Borrower agrees to pay to Lender an annual non-utilization fee in an amount equal to 0.10% of the Average Daily Unused Amount of the Revolving Credit Commitment. "Average Daily Unused Amount" means the sum of each calendar day's Availability during the applicable period, divided by the number of calendar days within the period. "Availability" means the difference between \$11,000,000.00 and the actual outstanding principal balance of the Revolving Credit at the close of business each day. The non-utilization fee for the period from the date of this Agreement to November 15, 2020 shall be due and payable by no later than November 30, 2020. Notwithstanding the foregoing, upon the termination of the Revolving Credit Commitment (a) at the request of Borrower or (b) following the occurrence of any Event of Default, the non-utilization fee for the period from the date of this Agreement to the date of termination shall be due and payable immediately.

(e) Other Costs and Fees. Borrower shall be subject to and agrees to pay any and all other costs and fees incurred by Lender associated with the origination and documentation of this Agreement including the reasonable fees and expenses of legal counsel retained by Lender.

SECTION 6. CONVERSION OF REVOLVING CREDIT ADVANCES TO TERM NOTE.

Section 6.1. Term Loan. Provided no Default or Event of Default has occurred or is continuing, Borrower shall have a one-time option to convert outstanding Advances under the Revolving Credit to a Term Loan as provided in Section 2.4(b) herein. The Term Loan will accrue interest at the Applicable Rate from and including the date on which the outstanding Advances are converted to a Term Loan and will be evidenced by the Term Note. Borrower's right to convert outstanding Advances under the Revolving Credit to a Term Loan shall be

subject to the execution and delivery of such additional documentation as Lender may reasonably require.

SECTION 7. COLLATERAL – REVOLVING CREDIT COMMITMENT.

Section 7.1. Debt Service Reserve Account. As a condition to Lender’s obligation to make any Advances under the Revolving Credit Commitment, Borrower will open and establish a restricted deposit account, which may be interest bearing, with Lender (the “*Debt Service Reserve Account*”), with a balance of not less than \$1,300,000.00 at any time. The Debt Service Reserve Account will be held in the name of Borrower and will serve as collateral for the Obligations. Borrower will pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of the Debt Service Reserve Account.

Section 7.2. Pledge and Security. As security for the prompt payment and performance by Borrower of all Obligations, Borrower hereby unconditionally and irrevocably assigns, conveys, pledges, transfers, delivers, and confirms unto Lender, and hereby grants to Lender a continuing security interest in (a) all revenues of Borrower, (b) the Debt Service Reserve Account and (i) all replacements, substitutions or proceeds thereof, (ii) all instruments and documents now or hereafter evidencing the Debt Service Reserve Account, (iii) all powers, options, rights, privileges and immunities pertaining to the Debt Service Reserve Account, including the right to make withdrawals therefrom, and (iv) all interest, income, profits and proceeds of the foregoing. Borrower hereby acknowledges and agrees that Lender shall have exclusive control over the Debt Service Reserve Account, and Borrower shall have no right to withdraw funds from the Debt Service Reserve Account; provided, however, that Borrower may withdraw funds from the Debt Service Reserve Account from time to time if (1) the balance of the Debt Service Reserve Account will not be less than \$1,300,000.00 after giving effect to such withdrawal, (2) no Default or Event of Default has occurred and is continuing, and (3) no Event of Default would occur as a result of such withdrawal. If an Event of Default shall occur hereunder or under any of the Obligations, then Lender may, without notice or demand on Borrower, at its option: (A) withdraw any or all of the funds (including without limitation, interest) then remaining in the Debt Service Reserve Account and apply the same, after deducting all costs and expenses of safekeeping, collection and delivery, and all reasonable attorneys’ fees, costs and expenses incurred by Lender in connection with the Event of Default, to any amounts due and unpaid under this Agreement, any Note or any other Obligations in such manner and order as Lender shall deem appropriate in its sole discretion, (B) exercise any and all rights and remedies of a secured party under any applicable Uniform Commercial Code, and/or (C) exercise any other remedies available at law or in equity. All rights and remedies of Lender hereunder and under that certain Assignment of Deposit Account in the form of **Exhibit E** attached entered into as of the date hereof between Borrower and Lender shall be cumulative.

Section 7.3. General Obligation. Notwithstanding any other provision of this Agreement or any other Loan Document to the contrary, Borrower hereby acknowledges and agrees that payment of all Obligations (including, without limiting the foregoing, payments of principal of and interest on each Advance) is a general obligation of Borrower secured by a first priority lien on the Debt Service Reserve Account. Lender acknowledges that the Obligations of Borrower

hereunder are solely obligations of Borrower and are not debts, liabilities or obligations of any of the JPA Members and no taxing power of any of the foregoing is pledged therefore. Borrower has no taxing powers.

SECTION 8. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants to Lender as follows:

Section 8.1. Organization and Qualification; Authority; Consents. Borrower (a) is a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) that is qualified to be a community choice aggregator pursuant to California Public Utilities Code Section 366.2 and (b) has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying unless the failure to be so licensed or qualified would not have a material adverse effect on its business, operations or assets. Borrower has the agency power to enter into this Agreement and the other Loan Documents to which it is a party, to request the Advances and incur the Obligations provided for herein, to execute the Notes in evidence thereof, to pledge and encumber assets as security therefor, and to perform each and all of the promises herein and therein. This Agreement and the other Loan Documents to which Borrower is a party do not, nor does the performance or observance by Borrower of any of the matters or things herein or therein provided for, contravene any provision of law or the Joint Powers Agreement or any covenant, indenture or agreement of or affecting Borrower or any of its Properties, including any Power Purchase Agreements. The execution, delivery, performance and observance by Borrower of this Agreement and the other Loan Documents do not and, at the time of delivery hereof, will not require any consent or approval of any other Person, other than such consents and approvals that have been given or obtained.

Section 8.2. Legal Effect. This Agreement and the other Loan Documents to which Borrower is a party constitute legal, valid and binding agreements of Borrower, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable remedies if equitable remedies are sought.

Section 8.3. Subsidiaries. Borrower has no Subsidiaries.

Section 8.4. Use of Proceeds. Borrower will use the proceeds of the Advances as provided herein and solely for purposes consistent with the purpose of Borrower as set forth in the Joint Powers Agreement, including for purposes consistent with the community choice aggregation program established by Borrower pursuant to California Public Utilities Code Section 366.2.

Section 8.5. Financial Reports. Effective with the delivery to Lender of the financial statements required by Section 10.2, the statements of financial condition of Borrower as at the date of such statements delivered to Lender, and the related statements of income, retained earnings and cash flows of Borrower for the fiscal year then ended and accompanying notes

thereto, which financial statements are to be reviewed by an independent public accountant, and the unaudited interim statements of financial condition of Borrower as at the date of such statements delivered to Lender and the related statements of income and cash flows of Borrower for the period then ended, fairly present the financial condition of Borrower as at said dates and the results of its operations and cash flows for the periods then ended in conformity with GAAP applied on a consistent basis, subject (in the case of unaudited statements) year-end audit adjustments. Borrower has no contingent liabilities which are material to it other than, with respect to any financial statements delivered to Lender, as indicated on said financial statements.

Section 8.6. Full Disclosure. The statements and other information furnished to Lender in connection with the negotiation of this Agreement and the other Loan Documents and the commitment by Lender to provide the financing contemplated hereby do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading; provided that Lender acknowledges that, as to any projections furnished to Lender, Borrower only represents that the same were prepared on the basis of information and estimates Borrower believed to be reasonable at the time such information was prepared.

Section 8.7. Litigation. There is no litigation or governmental proceeding pending, nor to the knowledge of Borrower threatened in writing, against Borrower which if adversely determined would result in any material adverse change in the financial condition, Properties, business or operations of Borrower.

Section 8.8. Good Title. Borrower has good and defensible title to its Properties as reflected on the most recent balance sheet of Borrower furnished to Lender, subject to no Liens other than Permitted Liens or as otherwise limited by applicable law.

Section 8.9. Members. Borrower is not a party to any contract or agreement with any of its members on terms and conditions which are less favorable to Borrower than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other.

Section 8.10. Compliance with Laws. Borrower is in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to its Properties or business operations (including, without limitation, laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower. Borrower has not received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the financial condition, Properties, business or operations of Borrower.

Section 8.11. Other Agreements. Borrower is not in default under the terms of any covenant, indenture or agreement of or affecting Borrower or any of its Properties, which default if

uncured would have a material adverse effect on the financial condition, Properties, business or operations of Borrower.

Section 8.12. No Default. No Default or Event of Default has occurred or is continuing.

SECTION 9. CONDITIONS PRECEDENT.

The obligation of Lender to make any Advance is subject to the following conditions precedent:

Section 9.1. All Advances. As of the time of the making of each Advance (including the initial Advance unless otherwise specified):

(a) each of the representations and warranties set forth in Section 8 hereof and in the other Loan Documents shall be true and correct as of said time, except that the representations and warranties made under Section 8.5 (except for the initial Advance) shall be deemed to refer to the most recent financial statements furnished to Lender pursuant to Section 10.2 hereof; and

(b) Borrower shall be in full compliance with all of the material terms and conditions of this Agreement, the Notes, the Assignment of Deposit Account and all other Loan Documents, and no Default or Event of Default shall have occurred or be continuing.

(c) Lender shall have received properly completed and executed originals of the following in form and substance satisfactory to Lender:

- (i) this Agreement;
- (ii) a favorable written legal opinion from Borrower's counsel;
- (iii) in the case of a Working Capital Advance, a Request for Advance in the form of **Exhibit F**;
- (iv) the resolutions adopted by the Board of Directors of Borrower with respect to this Agreement and the other Loan Documents, certified by an Authorized Representative;
- (v) an incumbency certificate containing the name, title and genuine signatures of each of Borrower's Authorized Representatives;
- (vi) evidence of Borrower's good standing in the state of California;
- (vii) payment by Borrower of the Loan Fee and all other amounts required to be paid by Borrower pursuant to Sections 5.1 and 12.4(a) of this Agreement;
- (viii) copies (executed and certified, as may be appropriate) of the organizational documents of Borrower and all legal documents or

proceedings (including minutes of board meetings) taken in connection with the execution and delivery of this Agreement to the extent Lender or its counsel may reasonably request;

- (ix) customer verification information for officers of Borrower and signers of the Loan Documents as Lender may require; and
- (x) evidence of Liability Insurance in form and substance satisfactory to Lender.

(d) in the case of a Letter of Credit Advance, the request is made in accordance with Section 4;

(e) the Debt Service Reserve Account shall be funded with a balance of not less than \$1,300,000.00; and

(f) any legal matters incident to the execution and delivery of this Agreement and the other Loan Documents and to the transactions contemplated hereby and thereby shall be reasonably satisfactory to Lender and its counsel.

SECTION 10. COVENANTS.

Borrower agrees that, so long as any credit is available to or in use by Borrower hereunder, except to the extent compliance in any case or cases is waived in writing by Lender:

Section 10.1. Maintenance of Business. Borrower shall preserve and maintain its existence. Borrower shall preserve and keep in force and effect all licenses, permits and franchises necessary to the proper conduct of its business and shall conduct its business affairs in a reasonable and prudent manner. Borrower shall maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel, and shall provide Lender with written notice of any change in executive and management personnel.

Section 10.2. Financial Reports. Borrower shall maintain a standard system of accounting in accordance with GAAP and shall furnish to Lender and its duly authorized representatives such information respecting the business and financial condition of Borrower as Lender may reasonably request; and without any request, Borrower shall furnish to Lender:

(a) as soon as available, and in any event within forty-five (45) days after the close of each quarter, an unaudited balance sheet of Borrower as of the last day of the period then ended and statements of income, retained earnings and cash flows of Borrower for the period then ended, prepared in accordance with GAAP and in a form acceptable to Lender;

(b) as soon as available, and in any event no later than one hundred eighty (180) days after each Fiscal Year End, a CPA-audited balance sheet of Borrower as of the last day of the Fiscal Year End and CPA-audited statements of income, retained earnings and cash flows of Borrower for the period then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion

thereon of Borrower's independent public accountants, to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the financial condition of Borrower as of the close of such fiscal year and the results of its operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other review procedures as were considered necessary in the circumstances;

(c) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Borrower's operations and financial affairs given to it by its independent public accountants;

(d) promptly after knowledge thereof shall have come to the attention of any responsible officer of Borrower, written notice of any litigation threatened in writing or any pending litigation or governmental proceeding or labor controversy against Borrower which, if adversely determined, would materially adversely affect the financial condition, Properties, business or operations of Borrower or result in the occurrence of any Default or Event of Default hereunder; and

(e) promptly upon request, all such other information as Lender may reasonably request.

Each of the financial statements furnished to Lender pursuant to this Section 10.2 shall be accompanied by a written certificate signed by the Director of Finance of Borrower to the effect that to the best of such officer's knowledge and belief no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by Borrower to remedy the same.

Section 10.3. Maintenance of Debt Service Reserve Account. Borrower shall ensure that the Debt Service Reserve Account remains pledged and assigned to Lender as collateral for the Obligations in accordance with Section 7.

Section 10.4. Exclusive Deposit Relationship. Borrower shall maintain all of Borrower's deposit accounts exclusively with Lender. If this covenant is not satisfied, as determined by Lender, it shall not constitute an Event of Default, but the interest rate on all outstanding Notes will immediately increase by adding an additional **2.00** percentage point margin. This margin shall continue to apply to each succeeding interest rate change that may apply thereafter so long as this covenant is not satisfied.

Section 10.5. Debt Service Coverage Ratio. Borrower shall maintain a minimum Debt Service Coverage Ratio ("DSCR") not at any time less than **1.25**, measured annually as of each Fiscal Year End.

"DSCR" means EBIDA divided by Debt Service.

“EBIDA” means earnings before depreciation, amortization and interest expense, for the twelve (12) month period ending the most recent Fiscal Year End.

“Debt Service” means interest expense during the calculated period plus current maturities of long term debt reported at the beginning of the calculated period.

Section 10.6. Tangible Adjusted Unrestricted Net Position. Borrower shall maintain a minimum Tangible Adjusted Unrestricted Net Position not at any time less than Eleven Million and 00/100 Dollars (\$11,000,000), measured annually as of Fiscal Year End.

“Tangible Adjusted Unrestricted Net Position” means total Adjusted Unrestricted Net Position less any intangible assets.

“Adjusted Unrestricted Net Position” means Net Position, less temporarily and permanently restricted net assets as presented in Borrower’s financial statements, plus the Debt Service Reserve Account.

“Net Position” means total assets less total liabilities.

Section 10.7. Positive Change in Net Position. Borrower will show a minimum positive change in Net Position of no less than One and 00/100 Dollars (\$1.00), measured quarterly as of the end of each calendar quarter.

Section 10.8. Total Liabilities to Tangible Adjusted Unrestricted Net Position. Borrower shall maintain a maximum Total Liabilities to Tangible Adjusted Unrestricted Net Position not at any time greater than 2.00, measured quarterly as of the end of each calendar quarter.

“Total Liabilities to Tangible Adjusted Unrestricted Net Position” means the total of current liabilities, non-current liabilities and Contingent Liabilities, divided by Tangible Adjusted Unrestricted Net Position.

“Contingent Liabilities” means any present obligation that arises from past events, but is not recognized because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability. Contingent Liabilities will include all outstanding Letter of Credit Advances, and exclude power purchase contingencies and the available Revolving Credit Commitment.

Section 10.9. Inspection. Borrower shall permit Lender and its duly authorized representatives and agents, at such times and intervals as Lender may designate, but in any event no more than six (6) times during any twelve (12) month period if no Default or Event of Default has occurred and is continuing: (i) to visit and inspect any of the Properties, books and financial records of Borrower and to examine and make copies of the books of accounts and other financial records of Borrower, and (ii) to discuss the affairs, finances and accounts of Borrower with, and to be advised as to the same by, the executive officers of Borrower and other officers, employees and independent public accountants of Borrower (and by this provision Borrower authorizes such accountants to discuss with Lender or its agents and representatives the finances and affairs of

Borrower). Without limiting the generality of the foregoing, Borrower shall promptly provide all information and access requested by Lender as Lender determines is necessary or required in connection with the preparation of its own financial statements.

Section 10.10. Liens. Borrower shall not create, incur or permit to exist any Lien of any kind on any Property owned by Borrower; provided, however, that the foregoing shall not apply to nor operate to prevent:

(a) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith cash deposits in connection with tenders, contracts or leases to which Borrower is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not Indebtedness for Borrowed Money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics', workmen's, materialmen's, landlords', carriers', or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of liabilities of Borrower secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$200,000 at any one time outstanding;

(d) the Liens identified on **Schedule 1** hereto;

(e) the Liens pursuant to an approved Power Purchase Agreement; and

(f) the Liens established by the Loan Documents or otherwise in favor of Lender.

The Liens described in clauses (a) through (f) of this Section 10.10 are collectively referred to in this Agreement as the "*Permitted Liens*."

Section 10.11. Investments, Acquisitions, Loans, Advances and Guaranties. Borrower shall not directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances (other than for travel advances and other similar cash advances made to employees in the ordinary course of business) to, any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof, or be or become liable as endorser, guarantor, surety or otherwise for any debt, obligation or undertaking of any other Person, or otherwise agree to provide funds for payment of the obligations of another, or supply funds thereto or invest therein or otherwise assure a creditor of another against loss, or apply for or become liable to the issuer of a letter of credit which supports

an obligation of another, or subordinate any claim or demand it may have to the claim or demand of any other Person.

Section 10.12. Compliance with Laws. Borrower shall comply in all respects with the requirements of all laws, rules, regulations, ordinances and orders applicable to or pertaining to its Properties or business operations, non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower or could result in a Lien upon any of its Property.

Section 10.13. Contracts With Members. Borrower shall not enter into any contract, agreement or business arrangement with any of its members on terms and conditions which are less favorable to Borrower than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

Section 10.14. Notices of Claims and Litigation. Borrower shall promptly inform Lender in writing of (a) all material adverse changes in Borrower's financial condition and/or (b) all existing or written threats of litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

Section 10.15. Other Agreements. Borrower shall comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party, non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower, and notify Lender immediately in writing of any default in connection with any other such agreements.

Section 10.16. Performance. Borrower shall timely perform and comply with all terms, conditions, and provisions set forth in this Agreement, the Notes and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender promptly in writing of any Default in connection with any Loan Document.

Section 10.17. Compliance Certificates. Borrower shall, unless waived in writing by Lender, provide Lender, at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Section 10.18. Fiscal Year. Borrower shall not change its fiscal year without the prior written consent of Lender.

Section 10.19. Indebtedness for Borrowed Money. As of the date hereof, Borrower has no outstanding Indebtedness for Borrowed Money. Without Lender's prior written consent, Borrower shall not issue, incur, assume, create or have outstanding any Indebtedness for Borrowed Money in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate; provided, however, that the foregoing shall not restrict nor operate to prevent the Obligations of Borrower owing to Lender hereunder.

SECTION 11. EVENTS OF DEFAULT AND REMEDIES.

Section 11.1. Events of Default. Any one or more of the following will constitute an “*Event of Default*” hereunder:

(a) any default in the payment when due (whether by lapse of time, acceleration or otherwise) of (i) any payment of principal or interest under the Notes, or (ii) any other Obligation within five (5) days after payment or performance is due from Borrower; or

(b) any representation or warranty made by Borrower herein or in any other Loan Document, or in any statement or certificate furnished by it pursuant hereto or thereto, or in connection with any Advance made hereunder, is inaccurate or untrue in any material respect as of the date of the issuance or making thereof; or

(c) any event occurs or condition exists (other than those described in clauses (a) through (b) above) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents for any reason ceases to be in full force and effect, or any of the Loan Documents is declared to be null and void, or Borrower takes any action for the purpose of repudiating or rescinding any Loan Document executed by it; or

(d) any judgment, order, writ of attachment, writ of execution, writ of possession or any similar legal process seeking an amount in excess of One Million Dollars (\$1,000,000) is entered or filed against Borrower or any of Borrower’s Properties and remains unvacated, unbonded and unstayed for a period of ten (10) or more calendar days; or

(e) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of any other creditor or Person that may materially affect any of Borrower’s Properties, Borrower’s ability to repay the Revolving Credit or Borrower’s ability to perform its Obligations under this Agreement or any of the other Loan Documents; or

(f) a material adverse change occurs in Borrower’s financial condition, or Lender believes, in its reasonable discretion, the prospect of payment or performance of Borrower’s obligations under this Agreement is materially impaired; or

(g) Borrower (i) takes any steps to effect a Winding-Up, or (ii) fails to pay, or admits in writing its inability to pay, its debts generally as they become due;

(h) any custodian, receiver, administrative receiver, administrator, trustee, examiner, liquidator or similar official is appointed over Borrower or any substantial part of any of its Properties, whether by court order, by operation of law or otherwise, or a Winding-Up proceeding is instituted against Borrower, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) or more days, or Borrower becomes unable to pay or admits in writing its inability to pay its debts as they become due; or

(i) Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any other Loan Document or in any other agreement between Lender and Borrower, which failure is capable of being cured, if such failure is not cured within thirty (30) days after written notice thereof from Lender; provided however, that if any such failure cannot reasonably be cured within such 30-day period, then the period to cure shall be deemed extended for up to an additional thirty (30) days after Lender's initial default notice as long as Borrower diligently and continuously proceeds to cure such failure. Borrower agrees to reimburse Lender for all reasonable costs and expenses (including legal fees) incurred by Lender as a result of any failure described in this paragraph until cured.

Section 11.2. Non-Insolvency Default Remedies. Upon the occurrence of any Event of Default described in clauses (a) through (g) of Section 11.1, Lender or any permitted holder of the Notes may, by notice to Borrower, take any of the following actions:

- (a) terminate any obligation to extend any further credit hereunder (including but not limited to Advances) on the date (which may be the date thereof) stated in such notice;
- (b) declare all Advances and all indebtedness under the Notes then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, to be immediately due and payable without further demand, presentment, protest or notice of any kind; and
- (c) exercise and enforce any and all rights and remedies contained in any other Loan Document or otherwise available to Lender at law or in equity.

Section 11.3. Insolvency Default Remedies. Upon the occurrence of any Event of Default described in Section 11.1(h), all Advances and all indebtedness under any Note then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, will immediately become due and payable without presentment, demand, protest or notice of any kind, and Lender shall have no obligation to extend any further credit hereunder (including but not limited to Advances).

SECTION 12. MISCELLANEOUS.

Section 12.1. Holidays. If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment will be extended to the next succeeding Business Day on which date such payment will be due and payable. In the case of any principal falling due on a day which is not a Business Day, interest on such principal amount will continue to accrue during such extension at the Applicable Rate, which accrued amount will be due and payable on the next scheduled date for the payment of interest.

Section 12.2. No Waiver, Cumulative Remedies. No delay or failure on the part of Lender or on the part of the holder of any Note in the exercise of any power or right will operate as a waiver thereof or as an acquiescence in any Default, nor will any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. All rights and remedies of Lender and the holder of any Note are cumulative to,

and not exclusive of, any rights or remedies which any of them would otherwise have. Borrower agrees that in the event of any breach or threatened breach by Borrower of any covenant, obligation or other provision contained in this Agreement, Lender shall be entitled (in addition to any other remedy that may be available to Lender) to: (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (ii) an injunction restraining such breach or threatened breach. Borrower further agrees that neither Lender nor any other person or entity shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 12, and Borrower irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 12.3. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document nor consent to any departure by Borrower therefrom, will in any event be effective unless the same is in writing and signed by Lender. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in similar or other circumstances.

Section 12.4. Costs and Expenses.

(a) Borrower shall pay all reasonable out-of-pocket expenses incurred by Lender in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including, without limitation, the fees specified in Section 5.1.

(b) Borrower agrees to pay on demand all reasonable costs and expenses (including attorneys' fees and expert witness fees), if any, incurred by Lender or any other holder of the Obligations in connection with any Event of Default or the enforcement of this Agreement, any other Loan Document or any other instrument or document to be delivered hereunder, including without limitation any action, suit or proceeding brought against Lender by any Person which arises out of the transactions contemplated hereby or out of any action or inaction by Lender hereunder or thereunder.

Section 12.5. Indemnity. Whether or not the transactions contemplated hereby shall be consummated, Borrower shall, to the extent permitted by law, indemnify, defend and hold harmless Lender and its officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "*Indemnified Person*") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including attorneys' costs and expert witnesses' fees), of any kind or nature whatsoever, that (a) arise from or relate in any way to the execution, delivery, enforcement, performance and administration of this Agreement and any other Loan Document, or the transactions contemplated hereby and thereby, and with respect to any investigation, litigation or proceeding (including any Winding-Up or appellate proceeding) related to this Agreement or the Advances or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto, and/or (b) may be incurred by or asserted against such Indemnified Person in connection with or arising out of any pending or threatened investigation, litigation or proceeding, or any action

taken by any Person, arising out of or related to any Property of Borrower (all the foregoing, collectively, the “*Indemnified Liabilities*”); provided that Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent arising from the gross negligence or willful misconduct of such Indemnified Person.

No action taken by legal counsel chosen by Lender in defending against any investigation, litigation or proceeding or requested remedial, removal or response action vitiates or in any way impairs Borrower’s obligation and duty hereunder to indemnify and hold harmless Lender unless such action involved gross negligence or willful misconduct. Neither Borrower nor any other Person is entitled to rely on any inspection, observation, or audit by Lender or its representatives or agents. Lender owes no duty of care to protect Borrower or any other Person against, or to inform Borrower or any other Person of, any adverse condition affecting any site or Property. Lender is not obligated to disclose to Borrower or any other Person any report or findings made as a result of, or in connection with, any inspection, observation or audit by Lender or its representatives or agents.

The obligations of Borrower in this Section 12.5 shall survive the payment and performance of all other Obligations. At the election of any Indemnified Person, Borrower shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Indemnified Person’s sole discretion, at the sole cost and expense of Borrower. All amounts owing under this Section 12.5 shall be paid within thirty (30) days after demand.

Section 12.6. Right of Set Off. To the extent permitted by applicable law, Lender reserves a right of setoff in all of Borrower’s accounts with Lender (whether checking, savings, or some other account) other than the Lockbox Account. This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums due and owing from Borrower against any and all such accounts.

Section 12.7. Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto will survive the execution and delivery of this Agreement and the other Loan Documents, and will continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 12.8. Notices. Except as otherwise specified herein, all notices hereunder will be in writing (including by hand, post, courier, email or telecopy) and will be given to the relevant party at its address, email address or telecopier number set forth below, or such other address or telecopier number as such party may hereafter specify by notice to the other given by certified or registered mail, by Federal Express or DHL, by telecopy or by other telecommunication device (including electronic mail) capable of creating a written record of such notice and its receipt. Notices hereunder will be addressed:

To Borrower at:

Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616
Attention: General Manager

To Lender at:

River City Bank
2485 Natomas Park Drive, Suite 400
Sacramento, CA 95833
Telephone: (916) 567-2700
Telecopy: (916) 567-2780
Attention: Jennifer Ballard
Loan Center

Each such notice, request or other communication will be effective (i) if given by telecopier, when such telecopy or email is transmitted to the telecopier number or email address specified in this Section and a confirmation of such telecopy or email has been received by the sender, (ii) if given by mail, three (3) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section 12.8; *provided that* any notice given pursuant to Section 2.2 hereof will be effective only upon receipt.

For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.

Section 12.9. Headings. Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 12.10. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.11. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterparts, and all such counterparts taken together will be deemed to constitute one and the same instrument.

Section 12.12. Assignments, Binding Nature, Governing Law, Etc. This Agreement will be binding upon Borrower and its permitted successors and assigns, and will inure to the benefit of Lender and the benefit of its permitted successors and assigns, including any permitted subsequent holder of a Note. This Agreement and the rights and duties of the parties hereto will

be construed and determined in accordance with the internal laws of the State of California without regard to principles of conflicts of laws. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby. Borrower may not assign its rights hereunder without the written consent of Lender. Lender may assign its rights hereunder without the consent of Borrower, but only if after any such assignment Lender acts as the lead agent or administrative agent with respect to this Agreement.

Section 12.13. Submission to Jurisdiction; Waiver of Jury Trial. Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Eastern District of California and of any California State court sitting in the County of Sacramento for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court has been brought in an inconvenient forum. Borrower hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or in the transactions contemplated thereby.

Section 12.14. Time is of the Essence. Time is of the essence in the performance and enforcement of this Agreement and the other Loan Documents.

Section 12.15. Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Revolving Credit or the Term Loan to one or more purchasers, whether related or unrelated to Lender, provided that at all times Lender manages the Revolving Credit and the Term Loan such that Borrower may communicate exclusively with Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to this Agreement, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interest in the Notes and will have all the rights granted under the participation agreement or agreements governing the same of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligations under this Agreement irrespective of the failure or insolvency of any holder of any interest in the Notes. Borrower further agrees that the purchaser of any such participation interests may enforce the interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Section 12.16. No Recourse Against Constituent Members of Borrower. Borrower is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. Borrower shall be

solely responsible for all debts, obligations and liabilities accruing and arising out of this Agreement and the Notes. Lender shall not make any claims, take any actions or assert any remedies against any of Borrower's constituent members in connection with any payment default by Borrower under this Agreement or any other Loan Document.

[remainder of page intentionally left blank]

Upon your acceptance hereof in the manner hereinafter set forth, this Agreement will constitute a contract between us for the uses and purposes hereinabove set forth. This Agreement supersedes and replaces that certain Credit Agreement between Borrower and Lender dated May 16, 2018.

Executed and delivered in Sacramento, California, as of the first date written above.

Valley Clean Energy Alliance

By: _____

Name: Mitch Sears

Its: Interim General Manager

RIVER CITY BANK

By: _____

Name: _____

Its: _____

EXHIBIT A

Definitions

“*Adjusted Unrestricted Net Position*” is defined in Section 10.6.

“*Advance*” and “*Advances*” are defined in Section 2.1.

“*Agreement*” means this Credit Agreement, as the same may be amended, modified or restated from time to time in accordance with the terms hereof.

“*Applicable Rate*” means (i) for the Revolving Credit, a variable rate of interest equal to the One-Month LIBOR plus 1.75% per annum, subject to a floor of 1.75% per annum, and (ii) for the Term Loan, a fixed rate of interest equal to the 3 year Treasury Constant Maturity Rate plus 2.00% per annum at the time of conversion. The Applicable Rate is subject to increase as provided in Section 10.4.

“*Authorized Representative*” means those persons shown on the list of officers provided by Borrower pursuant to Section 9.2(a)(v), or on any update of any such list provided by Borrower to Lender, or any further or different officer of Borrower so named by any Authorized Representative of Borrower in a written notice to Lender.

“*Availability*” is defined in Section 5.1(d).

“*Average Daily Unused Amount*” is defined in Section 5.1(d).

“*Borrower*” is defined in the introductory paragraph.

“*Business Day*” means a day (other than a Saturday or Sunday) on which banks are not authorized or required to be closed in Sacramento, California.

“*CPUC*” means the California Public Utilities Commission.

“*CAL ISO*” means California ISO, the independent grid operator.

“*Capital Lease*” means at any date any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

“*Capitalized Lease Obligation*” means the amount of liability as shown on the balance sheet of any Person in respect of a Capital Lease as determined at any date in accordance with GAAP.

“*Contingent Liabilities*” is defined in Section 10.8.

“*Debt Service*” is defined in Section 10.5.

“Debt Service Reserve Account” is defined in Section 7.1.

“Debtor Relief Laws” means the United States Bankruptcy Code and all other liquidation, conservatorship, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“Default Rate” means the Applicable Rate plus five percent (5.0%).

“Dollars and \$” mean lawful money of the United States.

“DSCR” is defined in Section 10.5.

“EBIDA” is defined in Section 10.5.

“Event of Default” is defined in Section 11.1.

“Fiscal Year End” means June 30.

“Flat Fee” is defined in Section 4.8.

“GAAP” means generally accepted accounting principles as established and interpreted by the Governmental Accounting Standards Board (GASB) and as applied by Borrower.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial taxing, regulatory or administrative powers or functions of or pertaining to government.

“Honor Date” is defined in Section 4.3.

“Indebtedness for Borrowed Money” means, for any Person (without duplication), (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business not more than 90 days past due), (iii) all indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person, and (v) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money.

“Indemnified Liabilities” is defined in Section 12.5.

“Indemnified Person” is defined in Section 12.5.

“Initial Rate Set Date” means the date of issuance of the Promissory Note at which time Lender will determine the One-Month LIBOR which shall be in effect until the next Rate Change Date.

“ISP” is defined in Section 4.5.

“Issuance Fee” is defined in Section 4.8.

“JPA Members” mean the City of Woodland, the City of Davis and the County of Yolo.

“Joint Powers Agreement” means the Joint Powers Agreement of Borrower effective as of October 25, 2016, and as amended from time to time.

“Lender” is defined in the introductory paragraph.

“Letter of Credit Advance” and *“Letter of Credit Advances”* are defined in Section 2.1.

“Letter of Credit Note” is defined in Section 2.3.

“Lien” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“Loan Documents” means this Agreement, the Notes, the Assignment of Debt Service Reserve Account, the Subordination Agreement and all other documents, certificates, instruments and agreements relating to the foregoing or otherwise executed by Borrower in connection with the Revolving Credit.

“Loan Fee” means one-fifth of one percent (0.20%) of the Revolving Credit Commitment.

“Maintenance and Operation Costs” shall be determined in accordance with the accrual basis of accounting in accordance with GAAP and shall mean the reasonable and necessary costs paid or incurred by Borrower for maintaining and operating the System, including costs of electric energy and power generated or purchased, costs of transmission and fuel supply, and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of Borrower that are charged directly or apportioned to the maintenance and operation of the System, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of Borrower such as fees and expenses of an independent certified public accountant and a consulting engineer, and

including Borrower's share of the foregoing types of costs of any electric properties co-owned with others, excluding in all cases depreciation, replacement and obsolescence charges or reserves therefore and amortization of intangibles and extraordinary items computed in accordance with GAAP or other bookkeeping entries of a similar nature. Maintenance and Operation Costs shall include all amounts required to be paid by Borrower under take or pay contracts.

"Maturity Date" means, for any Note, the date so specified in such Note as the Maturity Date.

"Net Position" is defined in [Section 10.6](#).

"Notes" refers collectively to the Promissory Note and, if applicable, the Letter of Credit Note(s) and/or the Term Note.

"Obligations" means and includes all loans, advances, debts, liabilities and obligations of Borrower to Lender, of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter owed by Borrower to Lender, whether in connection with the Loan Documents or otherwise, including without limitation all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to Borrower or payable by Borrower thereunder.

"One-Month LIBOR" means, as of each Rate Change Date or the Initial Rate Set Date, the rate determined by Lender to be the One-Month LIBOR rate as posted on Bankrate.com (or, if such rate becomes unavailable to Lender, a substitute rate based on an index selected by Lender in its sole discretion) as in effect from time to time, which rate is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion.

"Payment Date" means, other than the Revolving Credit Termination Date or any Maturity Date, the 15th day of each calendar month.

"Permitted Liens" is defined in [Section 10.10](#).

"Person" means an individual, partnership, corporation, company, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Power Purchase Agreements" is defined in [Section 9.2\(a\)\(i\)\(ix\)](#).

"Power Purchase Payment" means a payment due by Borrower to SMUD pursuant to agreements between Borrower and SMUD relating to Power Purchase Agreements.

“*Promissory Note*” is defined in Section 2.3.

“*Rate Change Date*” means the first calendar day of each calendar month.

“*Reimbursement Date*” is defined in Section 4.3.

“*Related Parties*” means, with respect to any Person, such Person’s affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s affiliates.

“*Responsible Officer*” means the Chief Executive Officer.

“*Revolving Credit*” is defined in Section 2.1.

“*Revolving Credit Commitment*” means, at any time of determination, an amount equal to \$11,000,000.00 less the aggregate principal amount of Advances made by Lender under the Revolving Credit.

“*Revolving Credit Termination Date*” means November 15, 2020.

“*SWIFT*” is defined in Section 4.6.

“*System*” means (i) all facilities, works, properties, structures and contractual rights to distribution, metering and billing services, electric power, scheduling and coordination, transmission capacity, and fuel supply of Borrower for the generation, transmission and distribution of electric power, (ii) all general plant facilities, works, properties and structures of Borrower, and (iii) all other facilities, properties and structures of Borrower, wherever located, reasonably required to carry out any lawful purpose of Borrower. The term shall include all such contractual rights, facilities, works, properties and structures now owned or hereafter acquired by Borrower.

“*Tangible Adjusted Unrestricted Net Position*” is defined in Section 10.6.

“*Term Loan*” means the conversion of outstanding Revolving Line of Credit Advances as provided in Section 2.4(b).

“*Term Note*” is defined in Section 2.4(b).

“*Total Liabilities to Tangible Adjusted Unrestricted Net Position*” is defined in Section 10.8.

“*UCC*” means the Uniform Commercial Code as enacted in the State of California.

“*UCP*” is defined in Section 4.5.

“*Unreimbursed Amount*” is defined in Section 2.3.

“Winding-Up” means, in relation to a Person, a voluntary or involuntary case or other proceeding or petition seeking dissolution, liquidation, reorganization, administration, assignment for the benefit of creditors or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official over that Person or any substantial part of that Person’s Properties.

“Working Capital Advance” is defined in Section 2.1.

EXHIBIT B

REVOLVING CREDIT PROMISSORY NOTE

\$11,000,000.00

Date: _____

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of ELEVEN MILLION and /100 DOLLARS (\$11,000,000.00), pursuant to the terms of that certain Amended and Restated Credit Agreement (the "*Credit Agreement*") dated as of November __, 2019, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Amended and Restated Revolving Credit Promissory Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Borrower agrees to pay monthly payments of interest only on the unpaid principal balance of this Note as of each Payment Date beginning on December 15, 2019, with all subsequent payments due and payable on each Payment Date thereafter as provided in Section 3 of the Credit Agreement. Interest will accrue prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on the Revolving Credit Termination Date. Under the terms of the Credit Agreement and subject to the conditions set forth therein, no later than 30 days prior to November 15, 2020, Borrower may request that any Advances outstanding under this Note be converted into a Term Loan evidenced by a Term Note.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 11.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Its: _____

EXHIBIT C

LETTER OF CREDIT NOTE

\$ _____

Date: _____

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of _____ (\$_____,000.00) pursuant to the terms of that certain Amended and Restated Credit Agreement (the "*Credit Agreement*") dated as of November __, 2019, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Letter of Credit Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Letter of Credit. This Note is executed in connection with a Letter of Credit issued by _____ ("*Issuing Bank*"), dated _____, in the face amount of \$_____, in favor of _____ (as Beneficiary) and identified as number: _____ (the "*Letter of Credit*").

Draw or Demand under the Letter of Credit. Borrower directs and authorizes Lender to immediately advance funds under this Note to repay in full any demand or draw request form Beneficiary under the Letter of Credit (the "*Disbursement*").

Payment Terms. Borrower agrees to pay any Disbursement immediately upon demand from Lender and in no event less than 3 calendar days from the date of the Disbursement (the "*Demand Date*"). From the date of the Disbursement to the Demand Date, Borrower shall pay interest only on the unpaid principal balance of this Note (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after the Demand Date (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The repayment obligations from Borrower to Lender under this Note shall remain in full force and effect until the original Letter of Credit including any and all amendments is surrendered to Issuing Bank undrawn and cancelled to the satisfaction of Issuing Bank.

Credit Agreement and Cash Collateral. If (i) the Letter of Credit has been issued and remains unexpired on the Revolving Credit Termination Date, or (ii) the Revolving Credit Commitment terminates or is unavailable to Borrower for any reason prior to the surrender of the Letter of Credit as provided above, or (iii) the amount of all Letter of Credit Advances exceeds the Revolving Credit Commitment, upon request by Lender, Borrower shall immediately provide

cash collateral to Lender with a value of not less than 110% of the stated principal amount of this Note or the amount by which the amount of all Letter of Credit Advances exceeds the Revolving Credit Commitment, as applicable.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 11.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights and benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Name: _____
Title: _____

EXHIBIT D

TERM NOTE

\$ _____

Date: _____

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. (“*Borrower*”), promises to pay to the order of **RIVER CITY BANK** (“*Lender*”) the principal sum of _____/100 DOLLARS (\$ _____), pursuant to the terms of that certain Amended and Restated Credit Agreement (the “*Credit Agreement*”) dated as of November __, 2019, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Term Note (this “*Note*”) shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Under Section 2.4(b) of the Credit Agreement and subject to the conditions set forth therein, Borrower may request that unpaid Advances under the Revolving Credit be converted to a Term Loan. This Note evidences a Term Loan made to Borrower as of _____[date] in the original principal amount of \$ _____, and will bear interest at a fixed interest rate of _____% per annum, which rate is equal to the current 3-Year Constant Maturity Treasury rate (_____% as of _____, 2020), plus a margin of 2.00%. Borrower will pay this loan in 59 equal principal payments of \$ _____ each and one final principal and interest payment of \$ _____. Borrower’s first principal payment is due _____, and all subsequent principal payments are due on the same day of each month after that. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning _____, with all subsequent interest payments to be due on the same day of each month after that. Borrower’s final payment will be due _____, and will be for all principal and all accrued interest not yet paid.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on _____[date – not to exceed 60 months].

Interest Calculation Method. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

Interest After Default. Upon default, the interest rate on this Note shall, if permitted under applicable law, immediately increase by adding an additional 5.000 percentage point margin (“*Default Rate Margin*”). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 11.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement any rights of Lender under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Its: _____

EXHIBIT E

ASSIGNMENT OF DEPOSIT ACCOUNT

Grantor: Valley Clean Energy Alliance
23 Russell Blvd.
Davis, CA 95616

Lender: RIVER CITY BANK
Business Banking Group
2485 Natomas Park Drive
Sacramento, CA 95833

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated November __, 2019 is made and executed among Valley Clean Energy Alliance (“Grantor”) and RIVER CITY BANK (“Lender”).

ASSIGNMENT. For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit account(s) described below, to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word “Collateral” means the following described deposit account(s) (“Account”):

A deposit account from Grantor with Lender with reference number _____, and all amendments, extensions, renewals, replacements of the accounts (all called the “Debt Service Reserve Account”), and all existing and future amounts in the Account, and all existing and future interest and other earnings on the Debt Service Reserve Account, and all proceeds. The Debt Service Reserve Account will at all times maintain the following minimum account balance:

Minimum Required Balance: \$1,300,000.00

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor’s accounts with Lender (whether checking, savings, or some other account) other than the Lockbox Account (as defined in the Credit Agreement). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR’S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Grant Security Interest. Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

No Prior Assignment. Grantor has not previously granted a security interest in the Collateral to any other creditor.

No Further Transfer. Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor’s rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

Validity; Binding Effect. This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Collateral. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. Grantor will promptly notify Lender of any change to Grantor's name or its jurisdiction of organization.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. While this Agreement is in effect, Lender may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there is no longer any Indebtedness owing to Lender; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Grantor, in writing, has requested from Lender a release of this Agreement.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the applicable rate charged under the Note (as selected by Lender in its sole discretion) from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of such Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters.

DEFAULT. Any Default or Event of Default under the Credit Agreement shall constitute an Event of Default under this Agreement.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, or at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

Accelerate Indebtedness. Lender may declare all Indebtedness of Borrower to Lender immediately due and payable, without notice of any kind to Borrower or Grantor.

Application of Account Proceeds. Lender may take directly all funds in the Account and apply them to the Indebtedness. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Indebtedness, whether the Account is with Lender or some other institution. Any excess funds remaining after application of the Account proceeds to the Indebtedness will be paid to Borrower or Grantor as the interests of Borrower or Grantor may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Indebtedness. Lender also shall have all the rights of a secured party under the California Uniform Commercial Code ("Code"), even if the Account is not otherwise subject to the Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

Transfer Title. Lender may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Lender shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the Code, at law, in equity, or otherwise.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement.

Remedies Cumulative. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and any election by Lender to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Sacramento County, State of California.

Joint and Several Liability. All obligations of Borrower and Grantor, if they are different, under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Borrower's or Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Borrower and Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other party, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Code:

Account. The word "Account" means the deposit account(s) described in the "Collateral Description" section.

Agreement. The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

Borrower. The word "Borrower" means Valley Clean Energy Alliance and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word “Collateral” means all of Grantor’s right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Credit Agreement. The words “Credit Agreement” mean the Amended and Restated Credit Agreement dated as of November __, 2019 between Borrower and Lender, as amended or modified from time to time.

Default. The word “Default” means the Default set forth in this Agreement in the section titled “Default”.

Event of Default. The words “Event of Default” mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word “Grantor” means Valley Clean Energy Alliance.

Indebtedness. The word “Indebtedness” means all indebtedness of Borrower under the Credit Agreement, the Note or any of the Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or any of the Related Documents.

Lender. The word “Lender” means RIVER CITY BANK, its successors and assigns.

Note. The word “Note” means any and all Notes (as defined in the Credit Agreement) executed by Borrower in connection with a Revolving Credit or the Term Loan (as defined in the Credit Agreement), together with all renewals, extensions, modifications, consolidations and replacements of such Notes.

Related Documents. The words “Related Documents” mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTANDS ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED NOVEMBER __, 2019.

GRANTOR:

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Its _____

EXHIBIT F

REQUEST FOR ADVANCE

\$11,000,000 REVOLVING CREDIT

BORROWER: VALLEY CLEAN ENERGY ALLIANCE, HEREBY REQUESTS AN ADVANCE UNDER THE \$11,000,000 REVOLVING CREDIT NOTE IN ACCORDANCE WITH THE CREDIT AGREEMENT.

ADVANCE DATE: _____

AMOUNT OF REQUESTED ADVANCE: \$ _____

PURPOSE OF ADVANCE:

- ___ - **THIS ADVANCE WILL BE USED TO FUND RESERVES IN ACCORDANCE WITH THE POWER PURCHASE AGREEMENT.**
- ___ - **THIS IS A WORKING CAPITAL ADVANCE TO COVER THE POWER PURCHASE PAYMENT FOR THE MONTH ENDING _____, 20___. YOU ARE AUTHORIZED TO DEPOSIT LOAN PROCEEDS INTO CHECKING ACCOUNT: 885413324**
- ___ - **ATTACHED IS THE INVOICE FOR SUCH POWER PURCHASE PAYMENT**
- ___ - **YOU ARE AUTHORIZED TO REMIT THIS PAYMENT DIRECTLY TO THE POWER SUPPLIER AS FOLLOWS:**

COMPANY NAME: _____ -

WIRE INSTRUCTIONS:

BANK NAME: _____

ADDRESS: _____

ROUTING NUMBER: _____

ACCOUNT NUMBER: _____

OTHER REFERENCE: _____

BORROWER CERTIFICATION:

BORROWER HEREBY CERTIFIES THAT:

- (I) **AFTER MAKING THE ADVANCE REQUESTED ON THE ADVANCE DATE ABOVE, THE SUM OF ALL ADVANCES SHALL NOT EXCEED THE REVOLVING COMMITMENTS THEN IN EFFECT;**

- (II) AS OF THE ADVANCE DATE, THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE CREDIT AGREEMENT ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS ON AND AS OF SUCH ADVANCE DATE TO THE SAME EXTENT AS THOUGH MADE ON AND AS OF SUCH DATE, EXCEPT TO THE EXTENT SUCH REPRESENTATIONS AND WARRANTIES SPECIFICALLY RELATE TO AN EARLIER DATE, IN WHICH CASE SUCH REPRESENTATIONS AND WARRANTIES ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS ON AND AS OF SUCH EARLIER DATE; PROVIDED THAT, IN EACH CASE, SUCH MATERIALITY QUALIFIER SHALL NOT BE APPLICABLE TO ANY REPRESENTATIONS AND WARRANTIES THAT ALREADY ARE QUALIFIED OR MODIFIED BY MATERIALITY IN THE TEXT THEREOF; AND
- (III) AS OF THE ADVANCE DATE, NO EVENT HAS OCCURRED AND IS CONTINUING OR WOULD RESULT FROM THE CONSUMMATION OF THE BORROWING CONTEMPLATED HEREBY THAT WOULD CONSTITUTE AN EVENT OF DEFAULT OR A DEFAULT.
- (IV) THIS ADVANCE IS BEING USED FOR THE PURPOSE INTENDED AS PROVIDED IN THE CREDIT AGREEMENT AND NO PORTION OF THIS ADVANCE IS BEING USED TO FUND OPERATING LOSSES.

VALLEY CLEAN ENERGY ALLIANCE

BY: _____

NAME: _____

ITS: _____

EXHIBIT G

DOCUMENT SUMMARY AND NOTICE OF FINAL AGREEMENT

Borrower has been provided with the following documents issued in connection with the loan evidenced by a Revolving Credit Promissory Note in the original principal balance of \$11,000,000 (the “Note”):

Credit Agreement with Exhibits

A – Definitions

B – Form of Revolving Credit Promissory Note

C – Form of Letter of Credit Note

D – Form of Term Note

E – Form of Assignment of Deposit Account

F – Form of Request for Advance (RLOC)

G – Form of Document Summary and Notice of Final Agreement

H – Letter of Credit Application

Revolving Credit Promissory Note

Assignment of Deposit Account Agreement

Disbursement Request and Authorization

BORROWER REPRESENTS AND WARRANTIES:

- 1) IT HAS READ, UNDERSTOOD AND AGREES WITH THE TERMS OF EACH DOCUMENT LISTED ABOVE AND THIS AGREEMENT;
- 2) IT CONFIRMS THAT THERE ARE NO CONFLICTS BETWEEN THE TERMS OF THE DOCUMENTS AND ITS UNDERSTANDING OF THE TRANSACTION;
- 3) THE WRITTEN DOCUMENTS ISSUED IN CONNECTION WITH THE LOAN REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.
- 4) THE WRITTEN DOCUMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.
- 5) IT HAS HAD AN OPPORTUNITY TO DISCUSS THE LOAN TRANSACTION WITH ITS COUNSEL.

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BORROWER:

Valley Clean Energy Alliance

By: _____

Name: _____

Its: _____

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Valley Clean Energy Alliance Board

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

SUBJECT: Introduction to Draft Amendment to Implementation Plan Addendum 1

DATE: November 14, 2019

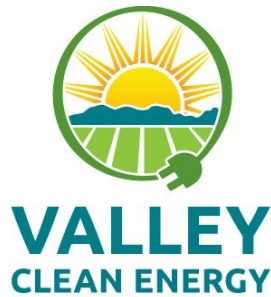
CONTEXT

As part of the process for enrollment of PG&E customers in the City of Winters, at its December 12, 2019 meeting, the Board will need to adopt Addendum 1 to its Implementation Plan and Statement of Intent. The approved Implementation Plan Addendum 1 must then be filed with the California Public Utilities Commission prior to December 31, 2019 in order for VCEA to be able to enroll PG&E's Winters customers in 2021.

SUMMARY

For your information Attachment 1 is a draft of Addendum 1 of the VCEA Implementation Plan. Staff will be making a presentation at the meeting.

Attachment A
Draft Addendum 1 to VCEA Implementation Plan



VALLEY CLEAN ENERGY ALLIANCE

ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS VCEA EXPANSION TO THE CITY OF WINTERS

Adopted by the VCEA Board of Directors - December 12, 2019
Submitted to the California Public Utilities Commission – December XX, 2019

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	<i>Appendix A - VCEA Resolution Adopting Implementation Plan Addendum.....</i>	<i>A1</i>
	<i>Appendix B - VCEA Resolution Accepting Winters Membership to the VCEA JPA.....</i>	<i>B1</i>
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DRAFT

1 Introduction

The purpose of this document is to make certain revisions to the Valley Clean Energy Alliance Implementation Plan and Statement of Intent in order to address the expansion of Valley Clean Energy Alliance (VCEA) to the City of Winters. VCEA is a public agency formed as a Joint Powers Authority (JPA) located within the geographic boundaries of Yolo County, formed for the purposes of implementing a community choice aggregation (“CCA”)/Community Choice Energy (CCE) program. Member Agencies of VCEA currently include the Cities of Davis and Woodland located within the County of Yolo (County) as well as the unincorporated areas of the County (together, the “Members”), all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions. In anticipation of CCA program implementation and in compliance with state law, VCEA submitted the Valley Clean Energy Alliance Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on October 17, 2017. On March 5, 2018, the Commission certified VCEA’s Implementation plan, and consistent with its expressed intent, VCEA successfully launched the Valley Clean Energy CCA program (“VCEA” or “Program”) on June 1, 2018 and has been serving customers since that time.

Oct 10, 2019 VCEA’s Board accepted the request by the City of Winters to join the VCEA JPA, and approved specific membership requirements for Winters. Staff subsequently prepared this Addendum No. 1 to its Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 1”), which addresses the expansion to the City of Winters. On November 5, 2019 the City of Winters adopted Ordinance 2019-04, an Ordinance of the City Council of the City of Winters Amending the Winters Municipal Code to Add Chapter 13.20, Community Choice Aggregation Authorizing the Implementation of a Community Choice Aggregation Program (pp. 78-82). On December 12, the VCEA Board accepted and approved Membership of the City of Winters, and approved this Addendum No. 1 to the VCEA Implementation Plan. The VCEA Board Resolution approving Addendum No. 1 is attached as Appendix A, and the Resolution accepting and approving Winters Membership is attached as Appendix B, the First Amendment to the VCEA Joint Powers Authority Agreement is attached as Appendix C, and the Winters CCA adoption ordinance is attached as Appendix D.

The VCEA program now provides electric generation services to approximately 54,500 customers, including a combination of residential, commercial, industrial, and agricultural accounts.

This Addendum No. 1 describes VCEA’s expansion plans to include the City of Winters. According to the Commission, the Energy Division is required to receive and review a revised VCEA Implementation Plan reflecting changes/consequences of additional members. VCEA has reviewed its Implementation Plan, which was filed with the Commission on October 17, 2017, and has identified certain information that requires updating to reflect the changes and consequences of adding the City of Winters. This Addendum No. 1 also reflects certain updated projections that are considerate of VCEA’s recent operating history as well as other forecast modifications reflecting the most recent historical electric energy use within VCEA’s existing service territory. This document format, including references to VCEA’s Implementation Plan (filed with the Commission on October 17, 2017), which is incorporated by reference and attached hereto as Appendix E, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to VCEA expansion.

2 Changes to Address VCEA Expansion to the City of Winters

This Addendum No. 1 addresses the anticipated impacts of VCEA’s planned expansion to the City of Winters, as well as other forecast modifications reflecting the most recent historical electric energy use within VCEA’s existing territory. As a result of this member addition, certain assumptions regarding VCEA’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to the planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, VCEA represents that such information shall remain unchanged relative to the October 17, 2017 Implementation Plan, which was certified by the Commission on March 5, 2018.

Regarding the defined terms Members and Member Agencies, the following communities are now signatories to the VCEA Joint Powers Agreement and represent VCEA’s current membership:

Member Agencies
County of Yolo
City of Davis
City of Woodland
City of Winters

Throughout this document, use of the terms Members and Member Agencies shall now include the aforementioned communities. To the extent that discussion addresses the process of aggregation and the VCEA organization, each of these communities is now a VCEA member and the electric customers of such jurisdictions will be offered CCA service consistent with the noted phase-in schedule.

2.1 Process of Aggregation

VCEA’s process of aggregation was discussed in Chapter 2 of the October 17, 2017 Implementation Plan. All customers currently enrolled in the VCEA program were appropriately noticed. Before additional phases of customers are enrolled in the Program, VCEA will mail at least two written notices to customers, beginning at least two calendar months, or sixty days, prior to the commencement of automatic enrollment. Such notices will provide information needed to understand the Program’s terms and conditions of service as well as explain how prospective customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at least one calendar month, or thirty days following the date of automatic enrollment, subject to the service phase-in plan later described in Chapter 5. At least two follow-up opt-out notices will be mailed to these customers within the first two calendar months, or sixty days, of service.

2.2 Governance

VCEA governance was discussed in Chapter 3 of the October 17, 2017 Implementation Plan. VCEA is governed by its Board of Directors (“Board”), which includes two appointed designees from each Member jurisdiction. VCEA is a joint powers agency formed in December 2016 under California law. The Members

of VCEA currently include the Cities of Davis, Woodland, and now Winters as well as the unincorporated areas of the County, all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions.

The Board's primary duties are to establish Program policies, approve rates and provide policy direction to the Executive Officer, who will have general responsibility for program operations, consistent with the policies established by the Board. The Board has established a Chairman position and other officer positions from among its Members and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas. VCEA has already established a 9-member Community Advisory Committee to advise and make recommendations, which will expand to 12 members with the addition of the City of Winters. The Board may also form various additional standing and/or ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect VCEA and its customers, including rate-related and power contracting issues, and may provide analytical support and recommendations to the Board.

2.3 Program Phase-In

VCEA program phase-in was discussed in Chapter 5 of the October 17, 2017 Implementation Plan. The enrollment phase of the first member communities was split into a Phase 1a and Phase 1b in March 2018, when the VCEA Board made the decision to defer enrollment of the net energy metered (NEM) customers out of the initial June 2018 enrollment. Phase 1b enrollment of the NEM customers of the initial member communities will take place beginning January 1, 2020, with those NEM customers being enrolled into VCEA during the month of their annual NEM billing true-up. Phase 2 of VCEA will be the enrollment of PG&E customers within the City of Winters.

VCEA Phase No.	Status & Description of Phase	Implementation Date
Phase 1a	Complete: Non-NEM residential, commercial, agricultural, and street light accounts within the initial jurisdictions	June 2018
Phase 1b	Planned: NEM residential, commercial, agricultural, and street light accounts within the initial jurisdictions	January – December 2020
Phase 2	Planned: Residential, commercial, agricultural, and street light accounts within City of Winters	January 2021 for non-NEM January – December 2021 for NEM

VCEA will offer its default service to all eligible PG&E bundled electric customers. VCEA will not enroll non-bundled electric customers in its jurisdiction, although those customers may elect to take service with VCEA.

Given the relatively small size of VCEA as compared to other PG&E jurisdictional CCAs, VCEA was able to fully capture the available economies of scale in its initial launch by enrolling its entire non-NEM customer base across a single month. VCEA will take the same approach to enroll all Winters non-NEM customer in the month of January 2021. Winters NEM customers will be enrolled during the month of 2021 of their annual NEM trueup. After full enrollment, VCEA anticipates a customer base of approximately 64,150 accounts, totaling 740 GWh of annual energy sales.

2.4 Load Forecast and Resource Plan

VCEA's load forecast and resource plan were discussed in Chapter 6 of VCEA's October 17, 2017 Implementation Plan. The following tables have been updated to reflect the impacts of planned expansion to VCEA's new membership. The addition of Winters customer is expected to increase customer counts by 4.7%, energy loads by 3.4%, and peak loads by 3.6%.

Table 2 below shows the number of customers enrolled (2018), and forecast to be enrolled (2020 and 2021) at the end of each enrollment phase. The values reflect actual and forecast opt-outs, which have been at 10% by customer count.

Chapter 6, Table 2, Phase-In of Retail Service Accounts

Customer Accounts	Phase 1		Phase 2
	2018 (a)	2020 (b)	2021
Residential	47,213	6,331	2,561
Small Commercial	4,509	253	247
Medium Commercial	422	16	33
Large Commercial	219	10	13
Industrial	4	1	-
Agriculture	1,815	169	13
Street Lighting	625	4	30
	54,807	6,784	2,899

Table 3 below shows the VCEA customer forecast. This is based upon VCEA's 2019 IEPR filing to the California Energy Commission, with adjustment for Phase 1b enrollment occurring in 2020, instead of 2021, and the addition of City of Winters customers in 2021.

Chapter 6, Table 3, VCEA Customer Forecast, 2020 - 2030

Customer Class	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	53,232	55,793	56,149	56,507	56,868	57,231	57,597	57,966	58,338	58,713	59,089
Small Commercial	4,791	5,038	5,098	5,157	5,218	5,279	5,341	5,404	5,468	5,531	5,597
Medium Commercial	436	469	474	481	486	491	498	504	509	516	522
Large Commercial	234	247	250	253	256	259	262	265	268	271	274
Industrial	5	5	5	5	5	5	5	5	5	5	5
Agriculture	1,931	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Street Lighting	623	653	657	663	668	672	677	681	687	692	697
Total	61,252	64,151	64,578	65,009	65,445	65,882	66,325	66,770	67,220	67,672	68,129

Table 4 below shows the forecast retail loads by customer class, total retail loads, and total wholesale loads. This is based upon VCEA's 2019 IEPR filing to the California Energy Commission, with adjustment for Phase 1b enrollment occurring in 2020, instead of 2021, and the addition of City of Winters customers in 2021.

Chapter 6, Table 4, VCEA Customer Load Forecast (MWh), 2018 - 2030

Customer Class	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	299,674	317,700	314,838	313,363	314,202	314,177	315,024	315,946	317,859	318,103	319,196
Small Commercial	80,108	84,917	85,898	86,904	88,245	89,066	90,127	91,197	92,421	93,383	94,508
Medium Commercial	93,738	98,916	100,027	101,201	102,761	103,727	104,975	106,207	107,580	108,780	110,048
Large Commercial	83,991	91,198	91,931	92,688	93,787	94,330	95,119	95,931	96,914	97,608	98,453
Industrial	28,835	28,744	28,719	28,719	28,830	28,761	28,756	28,746	28,757	28,749	28,763
Agriculture	115,866	114,613	114,521	114,555	114,754	114,635	114,636	114,619	114,652	114,629	114,640
Street Lighting	3,912	4,029	4,058	4,087	4,130	4,146	4,177	4,206	4,250	4,267	4,298
Total Retail Load (MWh)	706,123	740,117	739,992	741,517	746,708	748,843	752,813	756,852	762,432	765,518	769,906
Distribution Losses (MWh)	47,656	49,950	49,942	50,045	50,395	50,539	50,807	51,080	51,457	51,665	51,961
Total Wholesale Load (MWh)	753,779	790,067	789,934	791,562	797,103	799,383	803,621	807,932	813,888	817,183	821,867

2.5 Capacity Requirements

Table 5 below shows VCEA's monthly peak capacity, with the 15% reserve obligation included. Note that the actual resource adequacy obligation will be lower due to load forecast adjustments by the California Energy Commission made as part of the annual resource adequacy process, such as coincidence adjustments, in addition to various capacity credits allocated by the Commission as part of its resource adequacy program. It should be further noted that the Phase 1b load additions in 2020 have been included in the resource adequacy load forecast provided by VCEA to the Commission as part of the 2020 Year Ahead resource adequacy process. For the 2021 Year Ahead resource adequacy process, VCEA will submit load forecast information that includes the addition of Winters load in 2021.

Chapter 6, Table 5, Monthly Capacity Requirements, Including Reserves (MW), 2020 - 2030

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	109	104	103	123	164	231	256	231	200	149	117	123
2021	129	121	116	136	175	247	274	245	208	155	125	129
2022	129	121	116	133	188	248	275	246	205	149	126	130
2023	129	122	117	131	193	248	275	247	212	148	129	133
2024	132	125	117	132	188	255	276	255	216	148	130	137
2025	134	127	120	144	190	250	277	256	223	161	133	139
2026	137	130	122	145	186	252	278	252	220	162	136	141
2027	140	133	129	146	183	254	279	253	220	163	138	144
2028	141	134	128	150	194	255	280	261	217	167	140	147
2029	144	137	129	151	190	257	281	257	218	168	142	149
2030	146	140	136	152	188	259	283	258	215	169	145	151

2.6 Renewable Portfolio Standards Requirements and Clean Energy Portfolio Content

VCEA's renewable portfolio standard requirements and clean energy portfolio content were discussed in Chapter 6 of the October 17, 2017 Implementation Plan. As a CCA, VCEA will be required by law and applicable CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining VCEA's renewable energy

requirements, the same standards for RPS compliance that are applicable to incumbent distribution utilities are assumed to apply to VCEA.

On September 10, 2018, Governor Brown signed Senate Bill 100 (“SB 100”; De Leon), the California Renewables Portfolio Standard Program of 2018, which established California’s RPS procurement target of 60 percent by 2030. For RPS planning, VCEA will adhere to the CPUC’s direction in D.19-SB-100.

Table 6 below shows the updated table of VCEA’s forecast of Annual RPS Mandated Requirements for 2020 – 2030, including the Winters load.

Chapter 6, Table 6 Annual RPS Mandated Requirements, 2020 - 2030

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Sales (MWh)	706,123	740,117	739,992	741,517	746,708	748,843	752,813	756,852	762,432	765,518	769,906
Compliance Procurement Target (MWh)	233,021	264,592	284,897	305,876	328,552	351,956	370,384	393,563	416,288	437,876	461,944
RPS % of Current Year Retail Sales	33.0%	35.8%	38.5%	41.3%	44.0%	47.0%	49.2%	52.0%	54.6%	57.2%	60.0%

Initially, VCEA has targeted a resource portfolio that is 75% “clean”, comprised of renewable supplies starting at 42% and exceeding the minimum RPS requirements during the first five years of Program operation, supplemented with non-RPS carbon free resources to equal a 75% “clean” power content. Subsequent to launch VCEA filed its 2018 Integrated Resource Plan, identifying portfolio targets out through 2030. The updated Table 7 shows the IRP targets for renewable and large hydro (non-RPS Clean).

Chapter 6, Table 7 Annual RPS Mandated Requirements and Voluntary Procurement, 2018 - 2030

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Sales (MWh)	706,123	740,117	739,992	741,517	746,708	748,843	752,813	756,852	762,432	765,518	769,906
Annual RPS Target (Minimum MWh)	248,747	282,844	304,125	326,915	350,726	373,312	396,185	420,125	445,197	468,246	493,120
2018 IRP Renewables Target (% of Retail Sales)	42.0%	42.0%	60.0%	62.5%	65.0%	67.5%	70.0%	72.5%	75.0%	77.5%	80.0%
Program Renewable IRP Target (MWh)	296,572	310,849	443,995	463,448	485,360	505,469	526,969	548,718	571,824	593,277	615,925
Surplus in Excess of RPS (MWh)	47,825	28,005	139,871	136,533	134,635	132,157	130,784	128,593	126,627	125,031	122,805
Non-RPS Clean (% of Retail Sales)	33.0%	33.0%	40.0%	37.5%	35.0%	32.5%	30.0%	27.5%	25.0%	22.5%	20.0%
Non-RPS Clean (MWh)	233,021	244,238	295,997	278,069	261,348	243,374	225,844	208,134	190,608	172,242	153,981
Total Clean (% of Retail Sales)	75%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%

2.7 New SB 225 (10/12/19, Bradford) CCA Supplier Diversity Requirement

On October 12, 2019, the Governor signed into law SB 255, which creates a requirement for the Commission to develop requirements for CCAs to annually file and demonstrate compliance with supplier diversity requirements. VCEA will participate in the proceedings in which the Commission develops the requirements for SB255 implementation, either directly or indirectly through its membership in the California Community Choice Association. Additionally, VCEA will fully comply with the resulting rulemaking by developing and adopting a compliant supplier diversity program and making annual filings as required.

2.8 Financial Plan

With regard to VCEA's financial plan, which was discussed in Chapter 7 of the October 17, 2017 Implementation Plan, VCEA has updated its pro forma analysis to incorporate the City of Winters expansion, as shown in the following table.

Chapter 7, Table 8 Summary of CCA Program Operations (2019-2028)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Accounts	54,401	60,122	64,128	64,556	64,988	65,423	65,862	66,302	66,748	67,195
Retail Load (MWh)	686,131	706,123	740,141	746,062	752,031	758,047	764,111	770,224	776,386	782,597
(Thousands of Dollars)										
Revenue (net uncollectible)	\$54,608	\$54,266	\$62,211	\$62,635	\$63,078	\$63,525	\$63,976	\$64,430	\$64,888	\$65,350
Power Costs	\$38,942	\$47,536	\$47,167	\$48,020	\$48,888	\$49,772	\$50,672	\$51,588	\$52,520	\$53,470
Gross Margin	\$15,666	\$6,730	\$15,045	\$14,615	\$14,190	\$13,754	\$13,304	\$12,842	\$12,368	\$11,880
Operating Costs	\$4,358	\$4,777	\$4,909	\$5,054	\$5,166	\$5,296	\$5,445	\$5,582	\$5,724	\$5,868
Operating Income	\$11,308	\$1,953	\$10,136	\$9,561	\$9,024	\$8,457	\$7,859	\$7,260	\$6,644	\$6,012
Interest Income [Expense]	\$ [72]	\$12	\$69	\$174	\$275	\$373	\$475	\$567	\$636	\$700
Net Income	\$11,236	\$1,965	\$10,204	\$9,735	\$9,300	\$8,830	\$8,334	\$7,827	\$7,280	\$6,712
Accumulated Reserves	\$15,706	\$17,104	\$25,492	\$34,290	\$42,650	\$50,539	\$56,024	\$63,243	\$69,913	\$76,011

2.9 VCEA Program Financing Summary

The following table summarizes the actual and potential financing in support of the VCEA Program:

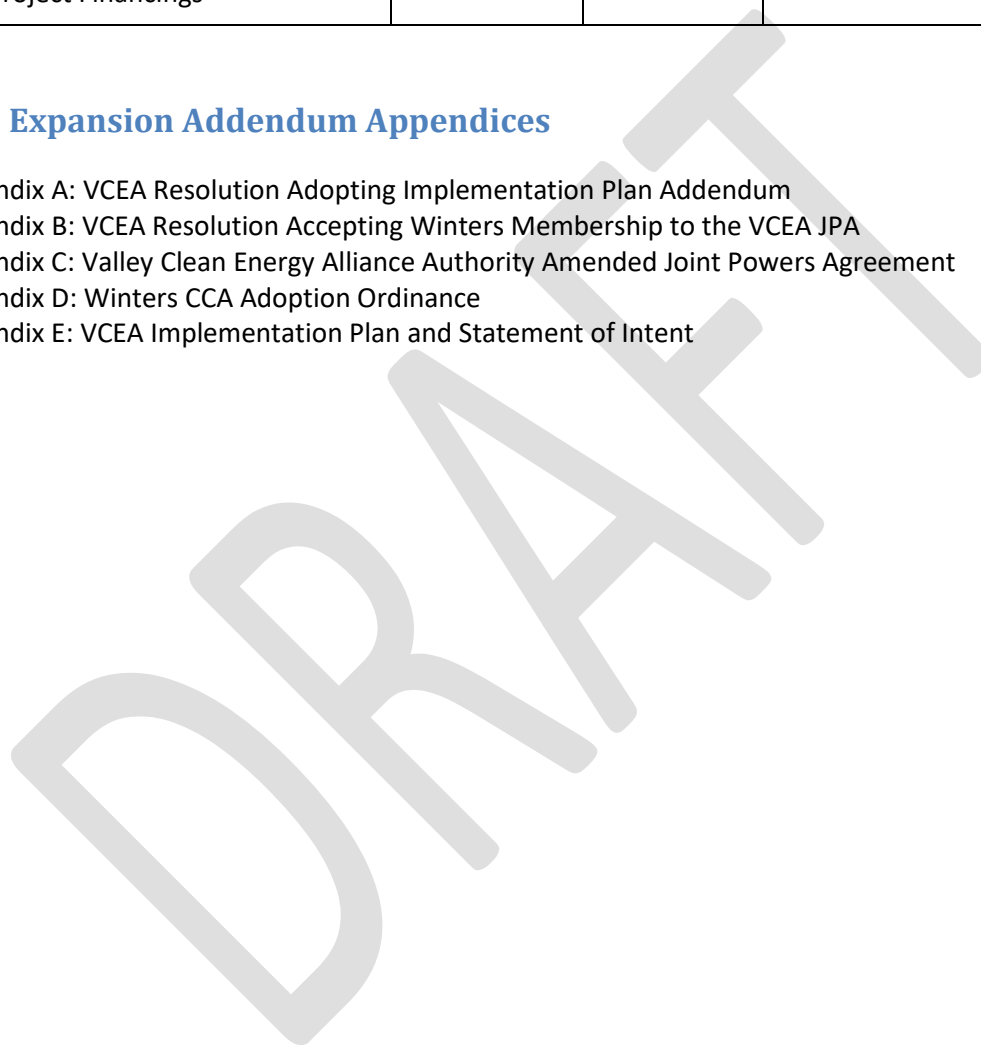
VCEA Program Financing Summary

Actual/Proposed Financing	Amount	Term	Actual/Estimated Issuance
1. Start-Up, Member Loans – City of Davis and Yolo County	\$1.0 million	n/a	Q1 2017
2. Start-Up, Member Loans – City of Woodland	\$0.5 million	n/a	Q3 2017
3. Start-Up, Deferred Contractor Payments	\$2.1 million	2 years	Q2 2018, Repayment Underway
4. Start-Up, Bank Line of Credit	\$11.0 million available \$2.0 million drawn on line	1 year (can convert to 5-yr term loan)	Line of Credit Issued in Q2 2018, expires in Q4 2019
5. Repay Member Start-up Loans	-\$1.5 million	n/a	Q4 2019
6. Convert Line of Credit Balance to Bank Term Loan	\$2.0 million term loan	5 years	Q4 2019
7. Convert Line of Credit Balance to Bank Term Loan	-\$2.0 million payoff of Line of Credit	n/a	Q4 2019

Actual/Proposed Financing	Amount	Term	Actual/Estimated Issuance
8. Renew Bank Line of Credit	\$11.0 million available \$0.0 million drawn on line to date	1 year (can convert to 5-yr term loan)	Q4 2019
9. Potential Renewable Resource Project Financings	\$TBD	20-30 years	TBD

2.10 Expansion Addendum Appendices

- Appendix A: VCEA Resolution Adopting Implementation Plan Addendum
- Appendix B: VCEA Resolution Accepting Winters Membership to the VCEA JPA
- Appendix C: Valley Clean Energy Alliance Authority Amended Joint Powers Agreement
- Appendix D: Winters CCA Adoption Ordinance
- Appendix E: VCEA Implementation Plan and Statement of Intent



Appendix A

VCEA Resolution Adopting Implementation Plan Addendum

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Appendix B

VCEA Resolution Accepting Winters Membership to the VCEA JPA

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Appendix C

Valley Clean Energy Alliance Authority Amended Joint Powers Agreement

DRAFT

Appendix D
Winters CCA Adoption Ordinance

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Appendix E

VCEA Implementation Plan and Statement of Intent

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VALLEY CLEAN ENERGY ALLIANCE

COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

Adopted by the VCEA Board of Directors - October 12, 2017

Submitted to the California Public Utilities Commission – October 17, 2017

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1 Introduction

Valley Clean Energy Alliance (VCEA) is a public agency located within the geographic boundaries of Yolo County, formed for the purposes of implementing a community choice aggregation (“CCA”)/Community Choice Energy (CCE) program. Member Agencies of VCEA currently include the Cities of Davis and Woodland located within the County of Yolo (County) as well as the unincorporated areas of the County (together, the “Members”), all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions.

This Implementation Plan describes VCEA’s plans to implement a CCE program for retail electric customers within the jurisdictional boundaries of its Members that currently take bundled electric service from Pacific Gas and Electric Company (PG&E). VCEA’s Program will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over the CAISO controlled transmission grid and PG&E’s distribution system. The planned start date for the Program is June 1, 2018 (subject to final review and approval of VCEA’s Governing Board). All current bundled PG&E customers within VCEA’s service area that do not take Direct Access service will receive information describing VCEA’s Program and will have multiple opportunities to express their desire to remain bundled PG&E customers, in which case they will not be enrolled. Thus, participation in VCEA’s Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out. PG&E customers that are Direct Access customers will have the opportunity to opt-in to VCEA, although such accounts will not be automatically enrolled.

Implementation of CCE will enable electric customers within VCEA’s service area to become VCEA customers (“Customers”) and take advantage of opportunities granted by Assembly Bill 117 (AB 117), the Community Choice Aggregation Law. VCEA’s primary objectives in implementing this Program are to deliver to VCEA Customers cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.

To ensure successful operation of the Program, VCEA will receive assistance from a large, vertically integrated municipal utility already providing utility services to its own customers (“Services Provider”). Following a thorough service provider solicitation process, VCEA selected Sacramento Municipal Utility District (“SMUD”) as the Services Provider to provide comprehensive contract services for VCEA’s Program, including Wholesale Energy Services, customer call center, billing and other back office services, and certain staffing services. Following VCEA Board direction for energy procurement, the Services Provider will establish competitive power procurement processes on behalf of VCEA, and will serve as VCEA’s scheduling coordinator. The VCEA Board is expected to approve the Services Provider contract at its October 12, 2017, Board Meeting.

VCEA’s Implementation Plan reflects a collaborative effort among VCEA, its Members, VCEA Citizens Advisory Committee and members of the public to bring the benefits of competition and choice to residents and businesses within the Member communities. By exercising its legal right to form a CCA Program, VCEA will enable its Customers to access market-based energy products and services including increased clean energy supplies and resultant reductions in GHG emissions. Absent action by VCEA and its individual Members, most customers would have no ability to choose an electric supplier and would remain captive customers of the incumbent utility (PG&E).

The California Public Utilities Code provides the relevant legal authority for VCEA to become a Community Choice Aggregator and imparts the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through VCEA’s Program. The CPUC also has responsibility for registering VCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted by any Community Choice Aggregator at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program to prevent shifting of costs to the remaining bundled customers of PG&E.

Each VCEA Member has adopted an ordinance to implement a CCA program through its participation in VCEA, and each of the Members has adopted a resolution permitting VCEA to provide service within each jurisdiction¹. With each of these milestones having been accomplished, VCEA now submits this Implementation Plan to the CPUC. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, VCEA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

After collaborative work by representatives of the Members, independent consultants, VCEA Advisory Committee, local experts and stakeholders, VCEA released a draft Implementation Plan on October 6, 2017, which described the planned organization, governance, and operation of the CCE Program.

On October 12, 2017, VCEA, at a duly noticed public hearing, considered and adopted this Implementation Plan, (a copy of the resolution is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism.

1.1 Statement of Intent

As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation. VCEA hereby certifies that it has/will adopt all of the required principles mandated by laws, including:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

These are individually discussed below.

¹ Copies of individual ordinances adopted by VCEA’s Members are included within Appendix C.

1.2 Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. The remainder of this Implementation Plan is organized as indicated in the Table of Contents.

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table:

Table 1. AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, it's operations, and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan and Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Ratesetting and other costs to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

2 Process and Consequence of Aggregation

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Yolo County began exploring the implementation of a CCE program in the Yolo County Climate Action Plan: A Strategy for Smart Growth Implementation, Greenhouse Gas Reduction, and Adaptation to Global Climate Change (Climate Action Plan) released in 2011². The Climate Action Plan determined a CCE would facilitate the implantation of an aggressive program aimed at increasing the use of renewable energy and proliferation of energy efficiency measures in Yolo County. During the same time period, the City of Davis ("City"), was exploring options to provide local power service to its residents and businesses, including the possible establishment of a CCA program. The County convened a working group in 2012 that included the City and other stakeholders, marking the first organized discussions of forming a multi-party CCE in Yolo County.

In 2015, the City furthered investigating the formation of a CCE Program, pursuant to California state law, with the following objectives: 1) to provide cost-competitive electric services; 2) to reduce greenhouse gas emissions related to the use of electric power within the County; 3) to develop long-term rate stability and energy reliability for residents through local control; and 4) to stimulate and sustain the local economy by developing local jobs in renewable energy. In 2015, Yolo County joined the efforts of the City, and jointly commissioned a technical feasibility study for a CCE Program serving the City and the unincorporated County, which was completed in March 2016. At that time, both the City and the County decided to proceed with formation of a joint powers authority, and in October 2016, the formation of Valley Clean Energy Alliance was completed. The City of Woodland enacted an enabling ordinance in June 2017, and became VCEA's third Member.

VCEA's formation represents a culmination of planning efforts by the citizenry of the VCEA Members. VCEA plans to expand the energy choices available to eligible Customers through creation of innovative new programs including: voluntary purchases of renewable energy; net energy metering to promote customer-owned renewable generation; energy efficiency programs; demand response to promote reductions in peak demand; local renewable energy development through a feed-in-tariff and/or targeted local renewable solicitations.

2.1 Process of Aggregation

Within sixty (60) days before customers are enrolled in the Program, prospective customers will receive two written notices in the mail from VCEA that will provide information needed to understand the Program's terms and conditions of service and explain how customers may opt-out of the Program if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. In accordance with applicable regulations, initial enrollment/opt-out notices will be provided to customers in April 2018, and again in May 2018 in anticipation of a June 1, 2018, launch date.

² <http://www.yolocounty.org/home/showdocument?id=18005>

Customers enrolled in VCEA will continue to have their electric meters read and to be billed for electric service by the incumbent distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation and power supply procured by VCEA as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately sixty (60) days (two billing cycles) to opt-out of VCEA without penalty and return to bundled service with PG&E as mandated by law. VCEA customers will be advised of their opt-out opportunities via the distribution of two additional enrollment notices provided within the first sixty (60) days of service. Additionally, VCEA is considering adoption of a policy that would extend the waiver of termination fees during the first 12-months of service following the June 2018 VCEA launch.

Customers that opt-out between the initial cutover date and the close of the post-enrollment opt-out period will be responsible for their charges for VCEA's electric service for the time they were served by VCEA, but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted-out within thirty (30) days of the fourth and final enrollment notice will be deemed to have elected to become participants in VCEA's Program and to have agreed to VCEA's Program terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 9.

2.2 Consequences of Aggregation

2.2.1 Rate Impacts

VCEA Customers will pay the generation charges set by VCEA and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to Program terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

VCEA's rate setting policies described in Chapter 8 establish a goal of providing rates that are competitive with the projected generation rates offered by PG&E. VCEA will establish rates sufficient to recover all costs related to operation of the Program.

VCEA's rate policies and procedures are detailed in Chapter 8. The VCEA's Board will establish and approve initial Program rates following Board approval of VCEA's inaugural program budget, reflecting final costs associated with VCEA's energy supply. Information regarding initial VCEA Program rates will be disclosed along with other terms and conditions of service in both pre- and post-enrollment notices sent to potential customers.

Once VCEA gives definitive notice to PG&E that it will commence CCE service, VCEA Customers will generally not be responsible for costs associated with PG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers. Such charges may be revised or changed from time to time subject to CPUC proceeding and rulings.

2.2.2 Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable and zero carbon resources. The Program resource plan includes initially procuring renewable energy and non-RPS carbon free energy sufficient to meet a minimum 75% percent carbon free power supply for VCEA enrolled Customers, subject to economic and operational constraints. VCEA Customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that Customers choose VCEA's 100 percent renewable energy option, the renewable content of VCEA's aggregate supply portfolio will increase accordingly. Renewable resource procurement targets will be set by the VCEA Board once energy requirements have been finalized prior to VCEA launch.

Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, VCEA may consider independent development of new renewable generation resources, subject to considerations such as development costs, regulatory requirements and other concerns. VCEA will emphasize procurement from locally situated renewable energy projects to the greatest extent practicable. VCEA will only consider utilization of PCC-3 RECs to the extent required to manage volumetric risk.

2.2.3 Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by PG&E are not expected to change as a result of VCEA Program implementation. CCE customers will continue to pay public benefits surcharges to PG&E, which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for VCEA, as described in Chapter 6, will be in addition to the level of investment that would continue in the absence of VCEA. After launch, VCEA will be evaluating the potential for increased energy savings and further emissions reductions from expanded energy efficiency programs. VCEA eventually intends to apply for administration of requisite program funding from the CPUC to independently administer energy efficiency programs within its jurisdiction.

3 Organizational Structure

This section provides an overview of the organizational structure of VCEA and its proposed implementation of the CCE program. Specifically, the key agreements, governance, management, and organizational functions of VCEA are outlined and discussed below.

3.1 Organizational Overview

VCEA has a governing board that establishes VCEA Program policies and objectives; management and staff that are responsible for operating the VCEA Program in accordance with such policies, and contractors that will provide energy and other specialized services necessary for VCEA Program operations.

3.2 Governance

VCEA is governed by its Board of Directors (“Board”), which includes two appointed designees from each Member jurisdiction. VCEA is a joint powers agency formed in December 2016 under California law. The Members of VCEA currently include the Cities of Davis and Woodland as well as the unincorporated areas of the County, all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions. VCEA is the CCE entity that will register with the CPUC, and it is responsible for implementing and managing the Program pursuant to VCEA’s Joint Powers Agreement (“JPA Agreement”). The VCEA Board is comprised of representatives appointed by each of the Members in accordance with the JPA Agreement. VCEA will be operated under the direction of an Executive Officer appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board’s primary duties will be to establish Program policies, approve rates and provide policy direction to the Executive Officer, who will have general responsibility for program operations, consistent with the policies established by the Board. The Board has established a Chairman position and other officer positions from among its Members and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas. VCEA has already established a 9-member Community Advisory Committee to advise and make recommendations. The Board may also form various additional standing and/or ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect VCEA and its customers, including rate-related and power contracting issues, and may provide analytical support and recommendations to the Board.

3.3 Management

The Executive Officer may be an employee of VCEA, an individual under contract with VCEA, a public agency, a private entity, or any other person or organization so designated by the Board. The Board will be responsible for evaluating and managing the Executive Officer’s performance. The Executive Officer will have management responsibilities over the functional areas of resource planning, electric supply, local energy programs, finance and rates, customer services and regulatory affairs. In performing his or her obligations to VCEA, the Executive Officer may utilize a combination of internal staff and/or contractors. Initially, VCEA will be staffed minimally with its own employees, supplemented with staff of the Service Provider. This includes all specialized functions needed for Program operations, including the electric supply and customer account management functions described below.

Major functions of VCEA that will be managed by the Executive Officer are summarized below.

3.4 Resource Planning

VCEA must plan for meeting the electricity needs of its Customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. The Executive Officer will oversee development of long term resource plans under the policy guidance provided by the Board and in compliance with California law and other requirements of California regulatory bodies.

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. VCEA will develop integrated resource plans that meet program supply objectives and balance cost, risk, and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of VCEA will consider increasing demand side energy efficiency, distributed generation and demand response programs, long-term renewable energy supply with an emphasis on economic local renewable development, and other supply options available to achieve clean energy goals. Resource plans will be updated and adopted by the Board as required by law and/or regulation.

3.5 Electric Supply Operations

Electric supply operations encompass activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- Electricity Procurement – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- Risk Management – application of standard industry techniques to reduce exposure to energy and credit markets volatility and insulate Customer rates from sudden and significant changes in wholesale market prices.
- Load Forecasting – develop accurate load forecasts, both long-term for resource planning and short-term for electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- Scheduling Coordination – scheduling and settling electric supply transactions with the CAISO.
- Wholesale Energy Settlements – managing settlement quality metering data and coordinating wholesale energy settlements and payment for loads and resources.

As part of the Wholesale Energy Services provided by contract, the Services Provider will use its experience and credit support for procurement of energy supply. The Services Provider will be executing most of the energy supply agreements in its name, utilizing its credit for such procurements. The Services Provider will perform all electric supply operations for VCEA. This includes procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading. Included in the Wholesale Energy Services will be reporting on commodity risk exposure to VCEA.

Any long-term energy arrangements and generation project(s) development will be managed by VCEA.

3.6 Local Energy Programs

A key focus of VCEA in its integrated resource planning efforts will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. The Executive Officer will be responsible for further development of these programs, as these are likely to be implemented on a phased basis during the first several years of CCE operations.

VCEA will investigate administering energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-side resources while simultaneously supporting the local economy. VCEA will also evaluate the consolidation of existing demand side programs into its CCE organization and thus leveraging the structure to expand energy efficiency offerings to customers throughout its service territory, and may apply to the CPUC for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by VCEA Customers.

3.7 Finance and Rates

The Executive Officer will be responsible for managing the financial affairs of VCEA, including the development of annual budgets, revenue requirements, and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial business needs.

The Board has the ultimate responsibility for approving electric generation rates for VCEA Customers. The Executive Officer, in cooperation with staff and appropriate advisors, contractors, consultants and committees of the Board will be responsible for developing proposed rates and options for the Board to consider before finalization. Approved and adopted rates must, at a minimum, meet the annual budgetary revenue requirement developed by the Executive Officer, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants and/or other agreements. The Board will have the flexibility to consider rate adjustments within certain ranges, provided that the overall revenue requirement is achieved. VCEA will administer a standardized set of electric rates and may offer optional rates to encourage policy goals such as economic development or low income subsidy programs.

VCEA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with a greater range of power options than currently available.

VCEA's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of VCEA's Program. The finance function will play an important role in risk management by monitoring commodity risk exposure reported by the Services Provider. In the event that changes in a particular energy supplier's financial condition and/or credit rating are identified, VCEA will work with the Services Provider to take appropriate remedial action(s), as may be provided for in the respective electric supply agreement. The finance function establishes general credit policies that the VCEA Program must follow.

3.8 Communications and Customer Services

The customer services function includes general Program marketing and communications as well as direct Customer interface ranging from management of key account relationships to call center and billing operations. VCEA will conduct Program marketing to raise consumer awareness of VCEA's Program and to establish VCEA's "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into VCEA's Program. Communications will also be directed at key policy-makers at the state and local levels, community business and opinion leaders, and the general media.

In addition to general Program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance VCEA's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. VCEA will utilize the Services Provider's existing customer call center to field customer inquiries and handle routine interactions with customers.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through PG&E's (the distribution utility) billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and VCEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with VCEA credit policies.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. VCEA's Services Provider has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

3.9 Legal and Regulatory Representation

VCEA will require ongoing regulatory representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that may impact VCEA, its Members, and customers. VCEA will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission, and will rely on staff and/or contracted legal services to coordinate and make required regulatory filings.

VCEA will retain outside legal services for its General Counsel function and, as necessary, special counsel to administer VCEA, review contracts, and provide regulatory legal support related to activities of VCEA's Program.

4 Startup Plan and Funding

This Chapter presents VCEA's plans for the start-up period, including the necessary expenses and capital outlays, which will commence once the CPUC certifies its receipt of this Implementation Plan. As described in the previous Chapter, VCEA may utilize a mix of staff and contractors in its CCE Program implementation.

4.1 Startup Activities

Initial program startup activities include the following:

- Determining staffing levels to be provided by VCEA directly or to be supplied by Services Provider to manage implementation
- Identifying qualified energy suppliers and negotiating supplier contracts
- Scheduling coordinator activities
- Establishing data management processes
- Defining and execution of prescribed communications plan
- Customer research/information gathering
- Media campaign
- Key customer/stakeholder outreach
- Informational materials and customer notices
- Customer call center
- Posting of CCE bond and complete requisite registration requirements
- Paying utility service initiation, notification, and switching fees
- Performing customer notification, opt-out and transfers
- Conducting load forecasting
- Establishing rates
- Legal and regulatory support
- Financial management and reporting

4.2 Staffing and Contract Services

VCEA staff and/or contractors will be added incrementally to match workloads as necessary for activities needed during the pre-operations period. During the start-up period, the minimal VCEA staffing required will include an Executive Officer, an executive assistant/board clerk, marketing manager and other personnel/consultants needed to support program operations including regulatory and government affairs, procurement, finance, legal, account services, and communications activities. Other staff will be provided by the Services Provider.

For budgetary purposes, it is assumed that four to six full-time VCEA staff as well as supporting contract professional services would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will likely be retained to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

4.3 Capital Requirements

The start-up of the CCE Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Each of these functions and associated capital requirements are discussed below. The finance plan in Chapter 7 provides a more detailed discussion of capital requirements and Program finances.

Staffing and contractor costs during start-up and pre-startup activities are estimated to be approximately \$1.5 million, including direct costs related to public relations support, technical support, and customer communications. Actual costs may vary depending on how VCEA manages its start-up activities and the degree to which additional contractor support may be needed above that estimated.

Requisite deposits and reserves of VCEA's Program are estimated at \$935,000 and include the following items:

- 1) Operating reserves to meet power supplier requirements - \$800,000 for the first year of operation;
- 2) CCE bond (posted with the CPUC) - \$100,000; and
- 3) PG&E service fee deposit - \$35,000;
- 4) A major vendor will be serving as VCEA's scheduling coordinator, and in turn, such vendor's existing CAISO deposit are estimated as sufficient to cover VCEA's load within the balancing authority.

Operating revenues from sales of electricity will be remitted to VCEA beginning approximately sixty (60) days after initial Customer enrollments. This lag is due to the distribution utility's standard thirty (30) day meter reading cycle coupled with a thirty (30) day payment/collections cycle. VCEA will need working capital to support electricity procurement and costs related to Program management, which will be included in the financing program associated with start-up funding. As discussed in Chapter 7, the initial working capital requirement is estimated at \$4.5 million.

Therefore, the total staffing and contractor costs, applicable deposits and working capital costs are expected to be approximately \$6.9 million. These are costs that ultimately will be collected through VCEA Program rates; however, some of these costs will be incurred prior to VCEA selling its first kWh of electricity and will require financing.

4.4 Financing Plan

Program start-up funding will come from a combination of sources. The three existing Members have provided loans totaling \$1.5 million, and are providing loaned staff and contract services to be repaid after program launch. The Services Provider has also agreed to deferral of payment until after program launch. Remaining capital needs to support energy procurement, and any additional credit needs will be provided via a bank credit facility that can be drawn upon as needed.

VCEA will make repayments (including interest) to the Members and the Services Provider over a three-to-five year term starting after Program cash flows are positive. The repayment of start-up costs will be included in retail generation rates charged to VCEA Customers.

5 Program Phase-In

VCEA will enroll all Customers within its initial jurisdiction in one phase. VCEA will offer its default service to all eligible PG&E bundled electric customers. VCEA will not enroll non-bundled electric customers in its jurisdiction, although those customers may elect to take service with VCEA.

Given the relatively small size of VCEA as compared to other PG&E jurisdictional CCAs, VCEA will be able to fully capture the available economies of scale in its initial launch by enrolling its entire Customer base across a single month. The state of the CCA industry and service providers has matured since 2010, reducing the risks at the point of initial enrollment.

As noted in Chapter 1, VCEA will begin cutting over Customers on June 1, 2018. Eligible Customers will begin VCEA service upon their meter-read date following the June 1, 2018, Program commencement. After full enrollment, service will have been offered to approximately 64,500 accounts, totaling 780 GWh of annual energy sales.

6 Load Forecast and Resource Plan

This Chapter describes the planned mix of electric resources and demand reduction programs that over time will meet the energy consumption of VCEA's Customers by planning a highly clean, renewable, diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. Initially, these key policies include:

- VCEA will seek to increase use of clean energy resources with a combination of renewable and non-RPS carbon-free energy to reduce reliance on fossil-fueled electric generation.
- VCEA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.

Longer term, VCEA policies, which will be implemented through its integrated resource planning process, will include:

- VCEA will help Customers reduce energy costs through investment in, and administration of, enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- VCEA will benefit the area's economy through investment in local renewable and distributed energy projects and enhanced energy efficiency programs.

The resource plan includes initially procuring renewable energy and non-RPS carbon free energy sufficient to meet a minimum 75% percent carbon free power supply for VCEA enrolled Customers. The clean resource part of the portfolio initially will include qualifying renewables at a level of 35% of supply for retail load. As VCEA's Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic/environmental goals of VCEA's Program to achieve increased renewable energy content over time. VCEA's commitment to renewable generation adoption may involve direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

VCEA will seek to supply the Program with local renewable resources to the greatest extent technically and economically practical. Specific objectives will be identified during ongoing resource planning activities and Board policy decisions.

VCEA will also establish ambitious targets for improving Customer side energy efficiency. The plan for accomplishing this includes:

- Initially procuring energy needed to offer two generation rate tariffs: 1) 100 percent renewable (voluntary product) and 2) minimum 75 percent carbon free (default product) with a 35% qualifying renewable energy content
- Continuing to increase renewable energy supplies over time, subject to resource availability and economic viability
- Administering Customer programs to reduce per customer net electricity purchases
- Encouraging distributed renewable generation in the local area through the offering of: a net energy metering tariff; a standardized power purchase agreement and/or feed-in tariff; and, other creative, customer-focused programs targeting increased access to local renewable energy sources.

VCEA will be responsible for complying with regulatory rules applicable to California load serving entities. VCEA will arrange for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its Customers. VCEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve VCEA's Customers, even in the unlikely instance that VCEA's Program ceased operations and Customers returned to PG&E. In addition, VCEA will be responsible for ensuring that its resource mix contains sufficient renewable energy resources to comply with the California RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). VCEA's resource plan will meet or exceed all applicable regulatory requirements related to resource adequacy and RPS.

6.1 Resource Plan Overview

To meet the aforementioned objectives and satisfy applicable regulatory requirements pertaining to VCEA's status as a California load serving entity, VCEA's resource plan will include a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation, to be developed as part of VCEA's Integrated Resource Planning process. A diversified resource plan reduces risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of VCEA's resource plan is to minimize Customer energy consumption and maximize use of renewable resources, particularly local resources, subject to economic and operational constraints. The planned power supply is initially to be comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by VCEA.

Once VCEA's Program demonstrates successful operations, VCEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. VCEA will assess direct ownership of renewables or procurement of renewables through power purchase agreements achieves these objectives. Market conditions, availability of tax incentives for renewable energy development, and VCEA credit rating will be contributing factors to the own versus purchase decision for renewables.

VCEA's resource plan will integrate supply-side resources with programs that will help Customers reduce energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, VCEA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that cost-effectively displace supply-side resources.

6.2 Supply Requirements

The starting point for VCEA's resource plan is a projection of participating Customers and associated electric consumption patterns. Projected electric consumption is usually evaluated on an hourly basis, and then matched with resources best suited to serving the aggregate of such hourly demands or the program's "load profile." The electric sales forecast and load profile will be affected by VCEA's plan to introduce the VCEA CCE Program to customers and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. VCEA's roll-out plan and assumptions regarding customer participation rates are discussed below.

6.3 Customer Participation Rates

Customers will be automatically enrolled in VCEA's Program unless they opt-out during the customer notification process conducted during the sixty (60) day period prior to enrollment and continuing through the sixty (60) day period following commencement of Program service. VCEA estimates an overall Customer participation rate of approximately 90 percent of PG&E bundled service customers on a load basis, conservatively based on reported opt-out rates for the MCE Clean Energy, Sonoma Clean Power, Peninsula Clean Energy, Silicon Valley Clean Energy, and CleanPowerSF CCA programs, along with consideration of the large number of commercial customers and large agricultural load existing in Member jurisdictions. It is assumed that customers already taking Direct Access service from a competitive electricity provider will elect to remain with their current supplier. Assumed participation rates will be refined as VCEA's public outreach and market research efforts continue to develop.

6.4 Customer Forecast

Customers not opting to remain with PG&E will be switched over to VCEA Program service on their regularly scheduled meter read dates over an approximately thirty (30) day period. Approximately 2,150 service accounts per day will be switched over during the service start month. The number of accounts estimated to be served by VCEA in each Customer class is shown in the table below.

Table 2. VCEA Expected Enrolled Retail Service Accounts

Customer Accounts	
Residential	42,773
Low Income Residential	13,311
Agriculture	1,984
Small Commercial	5,090
Medium Commercial	476
Large Commercial	221
Industrial	7
Street Lighting	659
Total	64,521

VCEA assumes that Customer growth will generally offset Customer attrition (opt-outs) over time, resulting in a relatively stable Customer base (1% annual growth) over the noted planning horizon. While the successful operating track record of existing California CCA programs continues to grow, there is nonetheless a relatively short history with regard to CCA operations, which makes it more difficult to anticipate actual levels of customer participation within VCEA's Program. VCEA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Yolo County and the potential for continuing Customer opt-outs following mandatory customer notification periods. The preliminary forecast of service accounts (Customers) served by VCEA for each of the next ten years is shown in the Table 3 below:

Table 3. VCEA Customer Count Forecast, 2018 - 2027

Customer Class	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	42,773	43,320	43,875	44,437	45,005	45,581	46,165	46,756	47,354	47,960
Low-income residential	13,311	13,481	13,654	13,829	14,006	14,185	14,367	14,550	14,737	14,925
Agriculture	1,984	1,986	1,988	1,990	1,992	1,994	1,996	1,998	2,000	2,002
Small Commercial	5,090	5,095	5,100	5,105	5,110	5,116	5,121	5,126	5,131	5,136
Medium Commercial	476	476	477	477	478	478	479	479	480	480
Large Commercial	221	221	221	222	222	222	222	223	223	223
Industrial	7	7	7	7	7	7	7	7	7	7
Street Lighting	659	660	660	661	662	662	663	664	664	665
Total	64,521	65,247	65,983	66,728	67,482	68,246	69,019	69,802	70,596	71,399

Table 4. VCEA Customer Class Load Forecast (kWh), 2018 - 2027

Customer Class	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	145,389	245,428	246,419	247,392	249,371	251,366	253,377	255,404	257,447	259,507
Low-income residential	46,443	78,400	78,717	79,027	79,660	80,297	80,939	81,587	82,240	82,897
Agriculture	66,503	112,303	112,597	113,178	114,083	114,996	115,916	116,843	117,778	118,720
Small Commercial	53,205	89,815	90,226	90,556	91,280	92,010	92,746	93,488	94,236	94,990
Medium Commercial	60,029	101,332	101,773	102,156	102,973	103,797	104,627	105,464	106,308	107,158
Large Commercial	54,045	91,227	91,623	91,954	92,690	93,431	94,179	94,932	95,692	96,457
Industrial	33,844	57,129	57,377	57,584	58,045	58,509	58,977	59,449	59,925	60,404
Street Lighting	2,885	4,868	4,893	4,912	4,952	4,991	5,031	5,071	5,112	5,153
Total Retail Load (MWh)	462,344	780,503	783,625	786,759	793,053	799,398	805,793	812,239	818,737	825,287
Distribution Losses (MWh)	27,741	46,830	47,017	47,206	47,583	47,964	48,348	48,734	49,124	49,517
Total Wholesale Load (MWh)	490,085	827,333	830,642	833,965	840,636	847,361	854,140	860,973	867,861	874,804

6.5 Capacity Requirements

The CPUC's resource adequacy standards applicable to VCEA's Program require a demonstration one year in advance that VCEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, VCEA must demonstrate capability to meet 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of VCEA's capacity requirements must be procured locally, as defined by the CAISO. VCEA will be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total PG&E service area local capacity requirements adopted by the CPUC based on VCEA's forecasted peak load. VCEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

VCEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC's and CAISO's flexible resource adequacy framework.

The estimated Program forward resource adequacy requirements for the first full year of operation after the phase-in month are shown in the following table³:

Table 5. Monthly Capacity Requirements (Including Reserves), 2018 - 2019

Month	2018	2019
January		120
February		111
March		117
April		153
May		149
June		256
July	282	
August	265	
September	249	
October	170	
November	123	
December	123	

Local capacity requirements are a function of the PG&E area resource adequacy requirements and VCEA's projected peak demand. VCEA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate VCEA's monthly local capacity requirement.

Due to the timing of Customer enrollment, VCEA will not receive a 2018 local capacity requirement from the CPUC. The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year. Therefore, because of VCEA's intent to launch until June 01, 2018, VCEA will not have an official local capacity requirement until the compliance month of July 2018.

VCEA will coordinate with PG&E, CAISO, and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to VCEA during Program phase-in. For system resource adequacy requirements, VCEA will make month-ahead showings for each month that VCEA plans to serve load, and any load migration issues will be addressed through the CPUC's approved procedures. VCEA will work with the California Energy Commission and CPUC prior to commencing service to Customers to ensure it meets its local, flexible and system resource adequacy obligations through procurement of additional resource adequacy to be attained by its Services Provider.

³ The figures shown in the table are estimates. VCEA's resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's resource adequacy compliance process.

6.6 Renewable Portfolio Standards Requirements and Clean Energy Portfolio Content

6.6.1 Minimum RPS Requirements

As a CCE, VCEA will be required by law and applicable CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining VCEA's renewable energy requirements, the same standards for RPS compliance that are applicable to incumbent distribution utilities are assumed to apply to VCEA.

On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which established California's RPS procurement target of 50 percent by 2030. For RPS planning, VCEA will adhere to the CPUC's direction in D.16-12-040. VCEA will monitor the progress of the current proposed bill, SB 100, which would accelerate the 50 percent requirement from 2030 to 2026, and would establish a 60 percent target in 2030.

6.6.2 VCEA's Renewables Portfolio Standards Requirement

VCEA's annual RPS procurement requirements, as specified under California's RPS program, are shown in the table below.

Table 6. Annual RPS Mandated Requirements, 2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Sales (MWh)	462,344	780,503	783,625	786,759	789,906	793,066	796,239	799,424	802,622	805,832
Annual Procurement Target (MWh)	134,080	241,956	258,596	273,792	288,316	303,744	318,496	333,360	347,535	362,624
RPS % of Current Year Retail Sales	29%	31%	33%	35%	37%	38%	40%	42%	43%	45%

6.6.3 VCEA's Targeted Initial Renewable and Carbon Free Supply Portfolio

Initially, VCEA's resource portfolio will target a 75% carbon free portfolio content, comprised of renewable supplies exceeding the minimum RPS requirements during the first five years of Program operation, supplemented with non-RPS carbon free resources to equal a 75% carbon free supply content. Over time, and through VCEA's Integrated Resource Planning process, VCEA anticipates adopting a resource strategy that will increase reliance on renewables in the supply portfolio in quantities greater than indicated in the initial supply plan. Power purchased in compliance with CA Renewable Portfolio Standards will come mainly from PCC1 and, to a lesser degree, PCC2 resources. VCEA will only consider utilization of PCC-3 RECs to the extent required to manage volumetric risk.

Table 7 below shows the combined renewable and non-RPS carbon free content of VCEA's initial resource supply plan.

Table 7. Annual RPS Mandated Requirements and Voluntary Procurement, 2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Sales (MWh)	462,344	780,503	783,625	786,759	789,906	793,066	796,239	799,424	802,622	805,832
Annual RPS Target (Minimum MWh)	134,080	241,956	258,596	273,792	288,316	303,744	318,496	333,360	347,535	362,624
Program Target (% of Retail Sales)	35%	35%	35%	35%	37%	38%	40%	42%	43%	45%
Program Renewable Target (MWh)	161,820	273,176	274,269	275,366	288,316	303,744	318,496	333,360	347,535	362,624
Surplus In Excess of RPS (MWh)	27,740	31,220	15,673	1,574	0	0	0	0	0	0
Non-RPS Clean (% of Retail Sales)	40%	40%	40%	40%	39%	37%	35%	33%	32%	30%
Non-RPS Clean (MWh)	184,938	312,201	313,450	314,704	308,063	293,434	278,684	263,810	256,839	241,750
Total Clean (% of Retail Sales)	75%	75%	75%	75%	76%	75%	75%	75%	75%	75%

6.7 Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of VCEA Program operation. VCEA will initially have its Services Provider contract to obtain all of its electricity from one or more third-party wholesale power vendors under one or more power supply agreements, to procure the specified resource mix, including VCEA's desired quantities of renewable and non-RPS carbon free energy to provide a stable and cost-effective resource portfolio for the Program.

6.8 Renewable Resource Supply

VCEA's Services Provider will initially secure necessary renewable power supply from third-party wholesale power supplier(s). VCEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by VCEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by VCEA, or from unsolicited proposals or discussions with other agencies. Renewable projects located within the Western Interconnection may be considered (with a preference for local projects) as long as the power is deliverable to the CAISO control area, as required, to meet the CPUC's RPS rules and any additional guidelines ultimately adopted by VCEA's Board of Directors. The costs of transmission access and risks of transmission congestion would need to be considered in the bid evaluation process if a proposed delivery point is outside of VCEA's load zone, as defined by the CAISO.

6.9 Distributed Energy Resources

VCEA has a strong preference to support the development and deployment of distributed energy resources within its service territory.

Consistent with the California's Energy Action Plan, clean distributed generation is a significant component of the Integrated Resource Plan. VCEA will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within VCEA's jurisdiction, with the goal of maximizing use of available incentives funded through current utility distribution rates and public benefits surcharges. VCEA will also implement a net energy metering program and will consider developing a feed-in-tariff or other procurement mechanism to promote local investment in distributed generation.

VCEA will explore unique opportunities for energy efficiency within its service territory, potentially partnering with local institutions like the University of California, Davis. As VCEA develops its long term portfolio, energy efficiency has the potential to offset future investments in new generation. Along with other sectors within its service territory, VCEA will seek opportunities to assist its agriculture Customers with energy savings opportunities.

VCEA will also explore opportunities to help spur investment in clean transportation options for customers in its service territory.

All of these options will be considered in the ongoing development of VCEA's resource plan through the Integrated Resource Planning process.

7 Financial Plan

This Chapter examines the monthly cash flows projected during start-up and Customer phase-in period of VCEA's Program and further identifies anticipated financing requirements including program start-up costs and capital outlays which will commence once the CPUC has received and certified the Implementation Plan submitted by VCEA. This section also describes the requirements for working capital and long-term financing for potential investments in renewable generation, consistent with the resource plan contained in Chapter 6.

7.1 Cost of CCA Program Operations

The first category of cash flow analysis is the cost of CCE Program operations. To estimate the overall costs associated with CCE Program operations, the following components were evaluated:

- Electricity Procurement;
- Ancillary Service Requirements;
- Provision for Line Loss;
- Exit Fees;
- Call Center and Data Management Costs;
- Wholesale Energy Services Costs
- Staffing and Professional Services;
- Administrative Overhead;
- Billing Costs;
- CCA Bond and Security Deposits;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

7.2 Revenues from CCE Program Operations

The cash flow analysis also provides estimates for revenues generated from CCE operations, primarily from electricity sales to customers. In determining revenue levels, the analysis assumes the Customer phase-in schedule described herein and further assumes VCEA implements a standard, default electricity tariff similar to the generation rates of the existing distribution utility for each Customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. VCEA Program rates are assumed to escalate from 1-2% annually, similar to PG&E rate projections net of changes to the PCIA. More detail on VCEA Program rates can be found in Chapter 8. Revenues are adjusted for an assumed opt-out rate of 10% and provisions for uncollectible accounts.

7.3 Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for VCEA to move through the CCE start-up and phase-in periods. This estimated level of capital was determined by examining the monthly cumulative net cash flows (revenues minus costs of CCE operations) based on assumptions for payment of costs and/or other cash requirements (e.g., deposits) by VCEA, along with lag estimates for when customer payments will be received. This identifies, on a monthly basis, what level of net cash flow is available.

The cash flow analysis identifies funding requirements acknowledging the likely lag between payments received and payments made during the phase-in period. The estimated working capital need is approximately \$4.5 million. Working capital requirements peak soon after Program launch.

7.4 CCE Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move VCEA through full CCE phase-in, a summary pro forma analysis that evaluates the financial performance of the Program during the phase-in period is shown below. The difference between the cash flow analysis and the pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which Program service occurs. All other items, such as costs associated with Program operations and rates charged to customers remain the same. Cash provided by financing activities is not shown in the pro forma analysis, although payments for debt service are included.

The results of the pro forma analysis are shown in the following table. Under these assumptions, the CCE Program is projected to accrue a reserve account balance of approximately \$66.3 million by the end of 2027. The following Summary of CCA Program Start-up and Initial Operation details projected VCEA Program operations for the period beginning January 2018 through December 2027⁴.

Table 8. Summary of CCA Program Start-up and Initial Operation (2018-2027)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Accounts Load (MWh)	-	64,521	65,239	65,966	66,702	67,448	68,203	68,968	69,743	70,528	71,323
(Thousands of Dollars)											
Revenue	\$ -	\$ 33,039	\$ 53,384	\$ 53,755	\$ 54,008	\$ 54,984	\$ 55,979	\$ 56,991	\$ 58,021	\$ 59,070	\$ 60,138
Power Costs	\$ -	\$ 25,251	\$ 39,322	\$ 41,081	\$ 42,798	\$ 43,572	\$ 44,360	\$ 45,162	\$ 45,978	\$ 46,809	\$ 47,656
Operating Costs	\$ 1,031	\$ 4,375	\$ 4,568	\$ 4,682	\$ 4,787	\$ 4,898	\$ 5,012	\$ 5,128	\$ 5,247	\$ 5,369	\$ 5,494
Operating Income	\$ [1,031]	\$ 3,414	\$ 9,494	\$ 7,991	\$ 6,422	\$ 6,514	\$ 6,607	\$ 6,701	\$ 6,796	\$ 6,892	\$ 6,988
Interest Income [Expense]	\$ [11]	\$ [64]	\$ [4]	\$ 110	\$ 210	\$ 280	\$ 336	\$ 394	\$ 454	\$ 514	\$ 577
Net Income	\$ [1,042]	\$ 3,350	\$ 9,490	\$ 8,102	\$ 6,632	\$ 6,794	\$ 6,944	\$ 7,095	\$ 7,250	\$ 7,406	\$ 7,565
Reserves	\$ -	\$ 1,231	\$ 9,806	\$ 17,509	\$ 25,886	\$ 32,247	\$ 38,755	\$ 45,412	\$ 52,219	\$ 59,179	\$ 66,295

The surpluses achieved during the phase-in period serve to help build VCEA's net cash position and credit profile and to provide operating reserves for VCEA in the event that operating costs (such as power purchase costs) may deviate from collected revenues for short periods of time.

7.5 VCEA Financings

It is anticipated that a single financing will be necessary to support VCEA Program implementation and initial working capital. Subsequent capital requirements are intended to be self-funded from VCEA's accrued financial reserves.

⁴ Costs projected for operating and financing include staffing, consultants, and materials needed for energy procurement, customer service, data management, marketing, accounting, finance, legal and regulatory activities.

7.6 VCEA Program Start-up and Working Capital

As previously discussed, the anticipated start-up, working capital requirements, and dollar reserves for VCEA's Program total \$6.9 million. This amount is dependent upon the amount of load initially served by VCEA, actual energy procurement prices, payment terms established with third-party suppliers, and Program retail rates. This figure will be further refined during the start-up period as these variables become known. Once VCEA's Program is up and running, these costs will be recovered from Program Customers through established retail electric generation rates.

It is assumed that this financing will be derived via a short term working capital loan and/or letter of credit, which would allow VCEA to draw cash as necessary. This financing/credit arrangement will need to be secured prior to launch.

7.7 Renewable Resource Project Financing

VCEA may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful VCEA Program operation and after appropriate project opportunities are identified and subjected to economic and environmental reviews. VCEA's ability to directly finance projects will likely require a track record of five to ten years of successful Program operations demonstrating strong underlying credit to support specific project financing. Any direct project financing undertaken by VCEA is not expected to occur sooner than 2022.

In the event that such financing occurs, funds would include any short-term financing for the given renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail Customers of VCEA.

7.8 VCEA Program Financing Summary

The following table summarizes the potential financings in support of VCEA Program:

Table 9. VCEA Program Financing Summary

Proposed Financing	Estimated Amount	Estimated Term	Estimated Issuance
1. Start-Up (Members)	\$1.5 million	3 years	Issued
2. Start-Up (Deferred Payments)	\$3.0 million	3 years	In Progress
3. Start-Up (Bank)	\$5.0 million	3 years	Q2 2018
4. Phase 1 Working Capital	\$TBD	5 years	Q2 2018, if needed
5. Potential Renewable Resource Project Financings	\$TBD	20-30 years	TBD

8 Ratesetting and Program Terms and Conditions

This Chapter describes the initial policies proposed for VCEA in setting rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

8.1 Rate Policies

VCEA will establish rates sufficient to recover all costs of VCEA's Program, including any reserves that may be required as a condition of financing and/or other discretionary reserve funds that may be directed by the Board. As a general policy, generation rates will be uniform for all similarly situated Customers throughout the service area and enrolled in VCEA's Program.

The primary objectives of VCEA's rate setting plan are to achieve the following:

- 100 percent renewable energy supply step-up option (voluntary service offering);
- Rate competitive tariff option (default service offering) with minimum 35% of qualifying renewables and a balance of non-RPS clean energy for a total 75% carbon free content, comprised of renewable and non-RPS carbon free energy;
- Rate stability;
- Equity among Customers within each applicable tariff;
- Customer ease of understanding;
- Revenue sufficiency;
- Thoughtfully crafted rate design;
- Competitive net energy metering rates; and
- Transparency and due process in rate setting.

Each of these objectives is described below.

8.2 100% Renewable Option

For voluntary participants in VCEA's 100 percent renewable energy tariff, the goal would be to offer the lowest possible Customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such Customers with a 100 percent carbon free product.

8.3 Rate Competitiveness

The primary goal is to offer competitive rates for electric services that VCEA would provide to participating Customers. For participants in VCEA's standard default tariff, the goal would be for VCEA Program rates to be at parity with the generation rates offered by PG&E (or possibly less than PG&E, subject to actual energy supply cost and decisions by VCEA's Board).

Competitive rates will be essential to attracting and retaining key Customers. In order for VCEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. The value provided by VCEA's Program will include a higher proportion of carbon free energy relative to the incumbent utility, enhanced energy efficiency and

Customer programs, community focused energy investments, local control, and general benefits that stem from VCEA's mission to serve Customer versus customers shareholder needs.

As previously discussed, the VCEA Program will significantly increase carbon free energy to its Customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Program customers will be the standard tariff, which will increase carbon free energy use while maintaining generation rates comparable to PG&E's. The initial renewable energy content provided under the standard tariff will be at least 35% through 2021, further supplemented by non-RPS carbon free energy for a total 75% carbon free energy supply. VCEA will endeavor to improve the percentage of renewable content on a going forward basis, subject to operational and economic constraints, which will be determined through VCEA's Integrated Resource Planning process. VCEA will also offer its customers a voluntary 100% renewable energy tariff, which will offer participating Customers a 100 percent renewable energy product at rates reflecting VCEA's cost for procuring such energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program will be automatically enrolled in the standard tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

8.4 Rate Stability

VCEA will enhance rate stability by hedging power supply costs over multiple time horizons and by specifically including renewable energy products that exhibit durable and predictable costs. Rate stability considerations may at times preclude VCEA Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and also may result in differences from the general rate-related targets initially established for VCEA's Program. VCEA will attempt to maintain general rate parity with PG&E to ensure that VCEA Program rates are not significantly different from the distribution utility alternative.

8.5 Equity among Customer Classes

Initial rates of VCEA's Program will be established based on cost-of-service considerations including rates customers would otherwise pay to PG&E. Rate differences among Customer classes will reflect the rates charged by the local distribution utility as well as any differences in the costs of providing generation service to each class. Rate benefits may also vary among Customers within the major Customer class categories, depending upon specific rate designs which may be adopted by the Board.

8.6 Customer Ease of Understanding

The goal of Customer ease of understanding involves rate designs that are relatively straightforward so that Customers can readily understand how their electricity bills are calculated. This not only reduces Customer confusion and potential dissatisfaction but will likely also result in fewer billing inquiries to VCEA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles; i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation.

8.7 Revenue Sufficiency

VCEA Program rates must collect sufficient revenue from participating Customers to fully fund VCEA's annual budget, including the need to establish sufficient operating reserve funds. Rates will be set to collect the Board adopted budget based on a forecast of electric sales for the given budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of the costs of VCEA's Program, subject to disclosure and due process policies described later in this chapter.

8.8 Rate Design

Initially, VCEA will likely match the rate structures from the distribution utility's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in VCEA's Program. However, VCEA may consider alternative rate structures to the distribution utility's standard rates to provide other rate options for Customers.

Initial VCEA Program rates are projected to average 7.15 cents per kWh on an annualized basis, which is below PG&E's reported average generation rate. VCEA Customers' electric bills may increase somewhat due to PG&E's collection of its excess power supply costs through the surcharge known as the Power Charge Indifference Adjustment ("PCIA"). PG&E will add the PCIA to VCEA Customers' monthly electric bills along with other distribution utility service charges. The PCIA is identified in each of PG&E's rate schedules and is expected to decline over time.

8.9 Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from VCEA. Net energy metering allows customers with certain qualified solar or wind distributed generation to be billed on the basis of respective net energy consumption. The PG&E net metering tariff (NEM) requires the CCE to offer a net energy metering tariff in order for affected customers to continue to be eligible for service on Schedule E-NEM. The objective is that VCEA's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the distribution utility's portion of the bill. VCEA will pay Customers for excess power produced from net energy metered generation systems in accordance with the rate design and policies adopted by VCEA Board.

VCEA may also implement tariff and financing programs to provide incentives to residents and businesses to enlarge the size of photovoltaic and other renewable energy systems in order to increase the amount of locally-produced renewable power. Current distribution utility tariffs create a disincentive for residents and businesses considering new PV or renewable systems to optimally size those systems based on site capability and instead tend to cap generation output at or below on-site load. VCEA, by implementing tariffs and programs to provide added incentive to maximize the output of such systems, VCEA can help increase the amount of local PV and renewable generation with minimal impact on the environment or existing infrastructure.

8.10 Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by the VCEA Board following the establishment of the first year's operating budget and prior to initiating the customer notification process. Subsequently, the Executive Officer, with the support of appropriate staff, advisors, and committees, will prepare an annual budget and corresponding customer rates and submit any rate vision recommendations to the VCEA Board for review and action. The rates will be approved at a public meeting(s) of the Board following distribution of an adequately noticed agenda, during which affected Customers will be able to provide comment on any proposed rate changes.

Subsequently, any proposed rate adjustments will be approved by the VCEA Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes. After proposing a rate adjustment, VCEA will furnish affected customers with a notice of its intent to adjust rates -- either by mailing such notices to affected customers, by including a notice as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer's monthly electricity bill. The notice will provide a summary of the proposed rate adjustment and will include a link to the VCEA website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of VCEA to which any customer inquiries may be submitted.

9 Customer Rights and Responsibilities

This chapter discusses Customer rights, including the right to opt-out of VCEA's Program and the right to privacy of Customer usage information, as well as obligations Customers undertake upon agreement to enroll in the CCE Program. All customers that do not opt out within thirty (30) days of the fourth and final enrollment notice will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the VCEA Board from time to time.

By adopting this Implementation Plan, VCEA's Board will have approved the Customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

9.1 Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the VCEA Program, informing customers of their opt-out rights to remain with the existing distribution utility bundled generation service, and containing a simple mechanism for exercising opt-out rights. The first notice will be mailed to customers approximately sixty (60) days prior to the date of automatic enrollment. A second notice will be sent approximately thirty (30) days later. VCEA will likely use its own mailing services for requisite enrollment notices rather than including such notices in PG&E's monthly bills. This approach is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a billing insert. Customers may opt-out by notifying VCEA using VCEA's Program designated telephone-based or internet-based opt-out processing services. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to VCEA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt-out, and the customer would be automatically enrolled in VCEA's Program.

Following automatic enrollment, a third enrollment notice will be mailed to customers within thirty (30) days, and a fourth and final enrollment notice will be mailed within thirty (30) days after the third enrollment notice. Opt-out requests made on or before the sixtieth (60th) day following the start of VCEA Program service will result in such customer's transfer to distribution utility bundled service with no penalty. Such customers will be obligated to pay charges for VCEA's electric service for the time they were served by VCEA, but will not otherwise be subject to any penalty for leaving the Program.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in VCEA's Program and will have sixty (60) days from the start of service to opt-out if they so desire. Such Customers will be provided with two enrollment notices within this sixty (60) day post enrollment period. Such Customers will also receive a notice detailing VCEA's privacy policy regarding customer usage information. VCEA's Board of Directors will have the authority to implement re-entry fees for Customers that initially opt-out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over VCEA Program's Customer base.

9.2 Termination Fees

As required by law, Customers that are automatically enrolled in the VCEA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. In the event a

customer returns to the incumbent utility during this two-month period, they would only be subject to charges for VCEA's electric service taken prior to leaving the VCEA Program. VCEA may consider extending the penalty-free period for a period of one-year after initial VCEA Program launch. Customers would be allowed a penalty-free Program opt-out but would be subject to PG&E's rules regarding return to distribution utility bundled service. After this one-year penalty-free opt-out period, Customers will be allowed to terminate Program participation subject to payment of a termination fee as determined and approved by the VCEA Board. The termination fee will apply to all Customers of the VCEA Program that elect to return to bundled utility service or elect to take "direct access" service from an energy services provider following the aforementioned one-year window. Customers that relocate within VCEA's service territory would have their CCE service continued at the new address. If a Customer relocates to an address within VCEA's service territory and simultaneously elects to cancel Program service, the VCEA termination fee will apply if the relocation and CCE cancellation occurs after the one-year free opt-out period. Program Customers that move out of VCEA's service territory would not be subject to a termination fee.

PG&E will collect the termination fee from returning customers as part of the final bill to the Customer from the CCE Program.

The termination fee may vary by Customer class as set forth in the table below, subject to adjustment by VCEA's Board.

9.2.1 VCEA Program: Schedule of Fees for Service Termination

Table 10 below shows the initial level of fees for termination of Program service.

Table 10. Initial VCEA Program Schedule of Fees for Service Termination

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

The termination fee will be clearly disclosed in the four enrollment notices sent to customers during the sixty (60) day period before automatic enrollment and following commencement of Program service. The fee could be changed prospectively by VCEA's Board of Directors, subject to applicable customer noticing requirements; provided, however, that in no event will any termination fee in excess of the amounts set forth above be imposed on any Customer withdrawing from Program service, except for terminating Customers participating in a voluntary tariff. As previously noted, Customers that opt-out during the statutorily mandated notification period will not pay the termination fee that may be assessed by VCEA, and VCEA may consider extending the penalty-free period for a period of one-year after initial VCEA Program launch.

Customers electing to terminate service after the initial notification period (that provided them with least four opt-out opportunity notices) will be transferred to PG&E on the next regularly scheduled meter read date if the termination notice is received a minimum of fifteen (15) days prior to that date. Such Customers would also be liable for any re-entry fees imposed by PG&E and would be thereafter required to remain on bundled distribution utility service for a minimum period of one year, as described in the distribution utility CCA tariffs.

9.3 Customer Confidentiality

VCEA will establish policies covering confidentiality of customer data that are fully compliant with the CPUC's required privacy protection rules for CCA customer energy usage information, as detailed within CPUC Decision 12-08-045. VCEA will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of VCEA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable VCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. VCEA will not disclose Customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at VCEA's discretion.

9.4 Responsibility for Payment

Customers will be obligated to pay VCEA Program charges for service provided through the VCEA Program including any applicable termination fees. Pursuant to current CPUC regulations, VCEA will not be able to direct any Customer's electricity service be shut off for failure to pay VCEA bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to bundled distribution utility service for failure to pay bills in full, and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balances from customers in accordance with Rule 23 and the related CCA Service Agreement. VCEA's proposed process is for two late payment notices to be provided to the Customer within thirty (30) days of the original bill due date. If payment is not received within forty-five (45) days from the original due date, service would be transferred back to the distribution utility effective on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the PG&E CCA Tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

9.5 Customer Deposits

Under certain circumstances, VCEA Customers may be required to post a deposit equal to estimated charges for two (2) months of CCE service prior to obtaining service from VCEA's Program. A deposit would be required for an applicant who previously had been a customer of PG&E or VCEA and whose electric service has been discontinued by PG&E or VCEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such Customers may be required to reestablish credit by depositing the prescribed amount. Additionally a Customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11, Discontinuance and Restoration of Service, and who further fails to pay such bills within five (5) days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁵.

⁵ A customer whose service is discontinued by VCEA is returned to PG&E bundled service.

Failure to post such deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

10 Procurement Process

This Chapter describes VCEA's initial procurement policies and key third party service agreements by which VCEA will obtain operational services for VCEA's Program. By adopting this Implementation Plan, VCEA's Board of Directors will have approved the general procurement policies contained herein to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

10.1 Procurement Methods

VCEA will enter into agreements for a variety of services needed to support Program development, operation, and management. It is anticipated that VCEA will generally utilize competitive procurement methods to attain services but may also utilize direct procurement or sole source procurement, depending on the nature of the services needed. Direct procurement is the purchase of goods or services with competitive solicitation when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would provide no added benefit.

VCEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of VCEA's Executive Officer, subject to granted Board authorities, and/or Board of Directors.

The Executive Officer will be required to periodically report to the Board a summary of any actions taken with respect to delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into such agreements.

10.2 Key Contracts

10.2.1 Electric Supply Contract

The VCEA Board approved the Services Provider contract at its October 12, 2017, Board Meeting under which the Services Provider, will among other things, provide Wholesale Energy Services. The Services Provider will contract with energy suppliers in its own name on behalf of VCEA for electricity supply contracts with one or more qualified providers.

The Services Provider will also be responsible for Scheduling Coordinator responsibilities including scheduling loads of all customers in the VCEA Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy, and ancillary services. The Services Provider will be responsible for day-to-day energy supply operations of VCEA's Program and for managing the predominant energy supply risks for the term of the contract. Finally, the Services Provider will be responsible for ensuring VCEA's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC, CEC or FERC.

10.2.2 Data Management Contract

As part of this comprehensive services package, The Services Provider will also perform all requisite data management functions.⁶

The Services Provider will be responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to establish and migrate data to a new system.

10.2.3 Electric Supply Procurement Process

VCEA's Services Provider is tasked with procuring the energy supply portfolio and will use a competitive solicitation process for the various required power products, including shaped energy, renewable energy, carbon free energy, and resource adequacy capacity. Through the process, the Services Provider will identify a highly qualified pool of suppliers for further negotiations, which will be completed prior to initiation of CCE service. The Services Provider will then execute selected supply agreements in its name, in accordance with applicable Wholesale Energy Risk and Trading Policies, which VCEA's Board will adopt prior to execution of such energy supply agreements. VCEA may enter into long-term power purchase agreements directly (for instance for renewable power supply), contracting in its own name.

⁶ The contractor providing data management may also be the same entity as a counterparty supplying electricity for the program.

11 Contingency Plan for Program Termination

This Chapter describes the process to be followed in the instance of VCEA Program termination. By adopting the original Implementation Plan, VCEA's Board of Directors will have approved the general termination process contained herein to be effective upon Program initiation. In the unexpected and unlikely event that VCEA would terminate VCEA's Program and return Program Customers to PG&E bundled distribution service, the below proposed process is designed to minimize Customer and PG&E related impacts. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. The Board retains authority to modify these policies from time to time at its discretion.

11.1.1 Termination by VCEA

VCEA will offer services for the long-term with no planned Program termination date. In the unanticipated event that the majority of the Member's governing bodies decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to VCEA consistent with the terms set forth in the JPA Agreement. Following such notice, the VCEA Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in the JPA Agreement.

After any applicable conditions and/or restrictions on such termination have been satisfied, notice would be provided to Customers six (6) months in advance that they will be transferred back to PG&E bundled distribution service. A second notice would be provided during the final sixty (60) days in advance of the transfer date. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one (1) year advance notice would be provided to PG&E and the CPUC before transferring customers back to PG&E bundled distribution service, and VCEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the Customer notice period is complete, Customers would be transferred en masse on the date of their regularly scheduled meter read.

VCEA will post a bond and/or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing Customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on Customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the CCA, except in the case of a customer returned for default or because its contract has expired. VCEA will post financial security in the appropriate amount as part of its registration materials and will maintain such financial security in the required amount, as necessary.

11.1.2 Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

12 Appendices

Appendix A: VCEA Resolution Adopting Implementation Plan

Appendix B -1: Valley Clean Energy Alliance Authority Joint Powers Agreement (Yolo County & City of Davis)

Appendix B -2: Valley Clean Energy Alliance Authority Joint Powers Agreement (City of Woodland)

Appendix C: CCA Member Adoption Ordinances

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION 2017-005

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE VCEA IMPLEMENTATION PLAN AND STATEMENT OF INTENT AS REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3)

WHEREAS, the Valley Clean Energy Alliance (“VCEA”) is a joint powers authority established on December 13, 2016 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2; and

WHEREAS, the members of VCEA include the Cities of Davis and Woodland and the County of Yolo; and

WHEREAS, Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, VCEA first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission; and

WHEREAS, the draft VCEA Community Choice Aggregation Implementation Plan and Statement of Intent was presented to the Board of Directors at a duly noticed public hearing on October 12, 2017 for its consideration and adoption.

NOW THEREFORE, after conducting a duly noticed public hearing as required by Public Utilities Code Section 366.2(c)(3), the Board of Directors hereby adopts the VCEA Community Choice Aggregation Implementation Plan and Statement of Intent.

ADOPTED AND APPROVED this 12th day of October, 2017 by the following vote:

AYES: Barajas, Chamberlain, Davies, Davis, Frerichs, Saylor

NOES: None

ABSENT: None

ABSTAIN: Stallard



Don Saylor, VCEA Board Chair

Attest:
VCEA Board Clerk
By: 

Yolo County Agreement No. 16-180

**JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING
THE VALLEY CLEAN ENERGY ALLIANCE**

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers and establishes the Valley Clean Energy Alliance (“VCEA”), is by and between the County of Yolo (“County”), the City of Davis (“City”) and those other cities and counties who become signatories to this Agreement as provided herein, who agree as follows:

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.
- C. The purposes for entering into this Agreement include:
 - a. Reducing greenhouse gas emissions related to the use of power in Yolo County and neighboring regions;
 - b. Providing electric power and other forms of energy to customers at a competitive cost;
 - c. Carrying out programs to reduce energy consumption;
 - d. Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
 - e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.
- D. It is the mission and purpose of this Agreement to build a strong Community Choice Energy program that is locally controlled and delivers cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions.

- E. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and biomass energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State's transition to clean power resources to the extent feasible. The Agency will also add increasing levels of locally generated renewable resources as these projects are developed and customer energy needs expand.
- F. The Parties desire to establish a separate public agency, known as the Valley Clean Energy Alliance or VCEA, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- G. The Parties anticipate adopting an ordinance electing to implement through the VCEA a common Community Choice Energy (CCE) program (also known as a community choice aggregation (CCA) program) hereinafter called a CCE Program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(b) and 366.2. The first priority of the VCEA will be the consideration of those actions necessary to implement the CCE Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

- 1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.
- 1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares
Exhibit E: Signatures

ARTICLE 2: FORMATION OF VALLEY CLEAN ENERGY ALLIANCE

- 2.1 Effective Date and Term. This Agreement shall become effective and VCEA shall exist as a separate public agency on October 25, 2016, or when the County and the City execute this Agreement, whichever occurs later. The VCEA shall provide notice to the Parties of the Effective Date. VCEA shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from VCEA.
- 2.2 Formation. There is formed as of the Effective Date a public agency named Valley Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, VCEA is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of VCEA shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of VCEA. A Party who has not agreed to assume an VCEA debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of VCEA. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.
- 2.2.1 Name. VCEA may change its name at any time through adoption of a resolution of the Board of Directors.
- 2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to build a strong CCE program that achieves deep, long-term GHG emission reductions by offering clean, cost effective and price stable electricity to residents, businesses, and agricultural producers while carrying out innovative programs to reduce customer energy use, substantially increase local renewable energy production, and power the local transportation system. To that end, VCEA will study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCE Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCE Program and any other energy programs approved by VCEA.

2.4 Membership in VCEA.

2.4.1 The initial members of VCEA are the County of Yolo and the City of Davis. The Cities of Woodland, West Sacramento and Winters may also become initial members of VCEA by resolution of the city's city council adopted prior to the Effective Date.

2.4.2 Any city or county, that is not an initial member, may request to become a member of VCEA by submitting a resolution adopted by its City Council or Board of Supervisors to the Board of VCEA. The Board shall review the request and shall vote to approve or disapprove the request. The Board may establish conditions, including but not limited to financial conditions, under which the city or county may become a member of VCEA. The Board shall notify the then members of VCEA of this request and the date that the request will be on the Board's meeting agenda for action. The date set for Board action shall be at least forty-five (45) days from the date the notice is mailed to the members. If the request is approved by the Board, the city or county shall become a member of VCEA under the terms and conditions set forth by the Board and upon approval and execution of this Agreement by the city or county.

2.5 Powers. VCEA shall have all powers common to the Parties and such additional powers accorded to it by law. VCEA is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.5:

2.5.1 to make and enter into contracts;

2.5.2 to employ agents and employees, including but not limited to an Executive Officer;

2.5.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.5.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, VCEA shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection without first meeting and conferring in good faith.

2.5.5 to lease any property;

2.5.6 to sue and be sued in its own name;

- 2.5.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;
 - 2.5.8 to form subsidiary or independent corporations or entities if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
 - 2.5.9 to issue revenue bonds and other forms of indebtedness;
 - 2.5.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
 - 2.5.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCE Program and other energy programs;
 - 2.5.12 to adopt Operating Rules and Regulations;
 - 2.5.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCE Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and
 - 2.5.14 to permit additional Parties to enter into this Agreement after the Effective Date and to permit another entity authorized to be a community choice aggregator to designate VCEA to act as the community choice energy aggregator on its behalf.
- 2.6 Limitation on Powers. As required by Government Code Section 6509, the power of VCEA is subject to the restrictions upon the manner of exercising power possessed by City of Davis.

ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION

- 3.1 Board of Directors. VCEA shall be governed by a legislative body known as the a Board of Directors (“Board”). The Initial Board shall consist of two (2) directors appointed by each of the initial members; for example, if the initial members are the County of Yolo and the City of Davis, the board shall be four (4) directors with two (2) directors appointed by the Yolo County Board of Supervisors and two (2) directors appointed by the City Council of Davis. Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director, and may be removed as Director by such governing

board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 60 days of the date that such position becomes vacant. Directors must be members of the Board of Supervisors or members of the City Council of the appointing City that is the signatory to this Agreement. Each Party may appoint an alternate(s) to serve in the absence of its Director(s). Alternates may be either (1) members of the Board of Supervisors or (2) members of the governing board of the municipality that is the signatory to this Agreement.

If additional cities or counties join VCEA, as set forth in section 2.4, each city or county that becomes a member of VCEA shall be entitled to two (2) directors who shall be appointed as set forth above. When the fifth member joins VCEA, the number of directors per member agency of all current member agencies shall be reduced to one (1) director per member agency.

3.1.1 Ex officio Directors. The Board may appoint ex officio members of the Board. Ex officio directors shall receive all meeting notices, shall have the right to participate in Board discussions and the right to place items on the agenda but shall not be counted towards a quorum and shall have no vote.

3.2 Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

3.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of VCEA, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCE Program. Board approval shall be required for any of the following actions:

3.3.1 The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.

3.3.2 The appointment or termination of the Executive Officer and General Counsel.

3.3.3 The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3.

3.3.4 Any decision to provide retirement or post-retirement benefits that are defined benefit programs, subject to the requirements of section 5.3.4, below.

3.3.5 The adoption of the Annual Budget.

- 3.3.6 The adoption of an ordinance.
 - 3.3.7 The approval of agreements, except as provided by Section 3.4.
 - 3.3.8 The initiation or resolution of claims and litigation where VCEA will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Executive Officer or General Counsel, on behalf of VCEA, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board as long as such action is consistent with any adopted Board policies.
 - 3.3.9 The setting of rates for power sold by VCEA and the setting of charges for any other category of service provided by VCEA.
 - 3.3.10 Termination of the CCE Program.
- 3.4 Executive Officer. The Board of Directors shall appoint an Executive Officer for VCEA, who shall be responsible for the day-to-day operation and management of VCEA and the CCE Program. The Executive Officer may be retained under contract with VCEA, be an employee of VCEA, or be an employee of one of the Parties. The Executive Officer shall report directly to the Board and serve as staff to VCEA. Except as otherwise set forth in this Agreement, the Executive Officer may exercise all powers of VCEA, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement is less than \$100,000 in any fiscal year, or such higher amount as established by the Board from time to time, by resolution of the Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board of Directors. The Executive Officer shall serve at the pleasure of the Board.
- 3.5 Commissions, Boards, and Committees. The Board may establish commissions, boards or committees, including but not limited to a standing executive committee of the Board, as the Board deems appropriate, to assist the Board in carrying out its authority and functions under this Agreement and may delegate authority to such commission, board or committee as set forth in a Board resolution. Such delegation may be modified, amended or revoked as any time as the Board may deem appropriate. Any decision delegated pursuant to this subsection may be appealed to the Board, as the Board so determines.
- 3.5.1 The Board may also establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying

out its functions and implementing the CCE Program, other energy programs and the provisions of this Agreement.

3.5.2 Any board, commission or committee formed under this section shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6 Director Compensation. Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by VCEA of expenses incurred by Directors.

3.7 Voting. In general, as described below in Section 3.7.3, action by VCEA Board will be taken solely by a majority vote of the total number of Directors present; provided, however, that so long as VCEA consists of three or less members, all actions of the Board shall require the affirmative vote of at least one director appointed by each member. In addition, as described below in Section 3.7.4, upon request of two (2) Directors each from a different member agency, a weighted vote by shares will also be conducted. When such a request is made, an action must be approved by both a majority vote of Directors present and a majority of the weighted vote by shares present. No action may be approved solely by a vote by shares. The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

3.7.1 Voting Shares.

Each member agency shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

- (a) “Annual Energy Use” means, (i) with respect to the first two (2) years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage during the prior Fiscal Year, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by VCEA; and
- (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in Exhibit C, and shall be adjusted annually as soon as

reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

- (c) The combined voting share of all Directors representing a member agency shall be based upon the annual electricity usage within the member agency's jurisdiction; the combined voting share of a county shall be based upon the annual electricity usage within the unincorporated area of the county.

For the purposes of Weighted Voting, if a member agency has more than one director present and voting, then the voting shares allocated to the entity shall be equally divided amongst its Directors that are present and voting.

- 3.7.2 Exhibit Showing Voting Shares. The initial voting shares will be set forth in Exhibit D. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties and changes in the Parties' Annual Energy Use. Exhibit D and adjustments shall be approved by the Board.
- 3.7.3 Approval Requirements Relating to CCE Program. Except as provided in Sections 3.7 above and 3.7.4 and 3.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.
- 3.7.4 Option for Approval by Voting Shares. Notwithstanding Section 3.7.3, any two (2) Directors, each appointed from a different member agency, present at a meeting may demand that approval of any matter related to the CCE Program be determined on the basis of both voting shares and by the affirmative vote of a majority of Directors present at the meeting. If two Directors makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares present, as determined by Section 3.7.1 except as provided in Section 3.7.5.
- 3.7.5 Special Voting Requirements for Certain Matters.
 - (a) Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present; provided, however, that (i) notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed from a

different member agency, may demand that the vote be determined on the basis of both voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require the affirmative vote of both at least two-thirds of Directors present and the affirmative vote of Directors having at least two-thirds of the voting shares present, as determined by Section 3.7.1; (ii) but, Directors from at least two (2) Parties must vote against a matter for the vote to fail; and (iii) for votes to involuntarily terminate a Party under Section 6.2, the Director(s) for the Party subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and the weighted vote of each Party shall be recalculated as if the Party subject to possible termination were not a Party.

- (b) Seventy-Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.
 - (i) A decision to exercise the power of eminent domain on behalf of VCEA to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present and voting and a vote of at least two-thirds of all the members of the Board of Directors .
 - (ii) The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCE Program shall require a vote of at least 75% of all Directors present and voting and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.
 - (iii) Notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed by a different member agency, may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require both the affirmative vote of at least 75% of Directors present and the affirmative vote of Directors having at least 75% of the voting shares present, as determined by Section 3.7.1, but Directors from at least two (2) Parties must vote against a matter for the vote to fail. For purposes of this section, “imposition on any Party of any obligation to make

contributions or pledge assets as a condition of continued participation in the CCE Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

3.8 Meetings and Special Meetings of the Board. The Board shall hold at least six (6) regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Board may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

3.9 Selection of Board Officers.

3.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Chair and vice Chair shall serve at the pleasure of the Board. There shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

- (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or
- (b) the Party that he or she represents withdraws from VCEA pursuant to the provisions of this Agreement.

3.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of VCEA.

3.9.3 Treasurer and Auditor. The Treasurer shall function as the combined offices of Treasurer and Auditor pursuant to Government code section 6505.6 and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 65.5 of the Act. The Treasurer for VCEA shall be the depository and have custody of all money of VCEA from whatever source and shall draw all warrants and pay demands against VCEA as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of VCEA to be made by a certified public accountant, or public accountant, in compliance with Section 6505

of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5. The Treasurer shall serve at the pleasure of the Board.

- 3.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as VCEA's agent for planning, implementing, operating and administering the CCE Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. One or more of the Parties may agree to provide all or a portion of the services in the manner set forth in an Administrative Services Agreement. Employees of the member agencies utilized to perform such services shall remain employees of the member agency and subject to the employing member agency's control and supervision. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all or enumerated tasks necessary for planning, implementing, operating and administering the CCE Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement, the services to be provided, and the circumstances under which the Administrative Services Agreement may be terminated by VCEA. This section shall not in any way be construed to limit the discretion of VCEA to hire its own employees to administer the CCE Program or any other program.

ARTICLE 4: IMPLEMENTATION ACTION AND VCEA DOCUMENTS

- 4.1 Preliminary Implementation of the CCE Program.
- 4.1.1 Enabling Ordinance. To be eligible to participate in the CCE Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCE Program by and through its participation in VCEA.
- 4.1.2 Implementation Plan. VCEA shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 3.7.3.

4.1.3 Termination of CCE Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of VCEA to terminate the implementation or operation of the CCE Program at any time in accordance with any applicable requirements of state law.

4.2 VCEA Documents. The Parties acknowledge and agree that the affairs of VCEA will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties' right to withdraw from VCEA as described in Article 6.

ARTICLE 5: FINANCIAL PROVISIONS

5.1 Fiscal Year. VCEA's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

5.2 Depository.

5.2.1 All funds of VCEA shall be held in separate accounts in the name of VCEA and not commingled with funds of any Party or any other person or entity.

5.2.2 All funds of VCEA shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of VCEA shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of VCEA, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

5.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

5.3 Budget and Recovery of Costs.

5.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of VCEA shall be approved by the Board in accordance with the Operating Rules and Regulations.

- 5.3.2 Funding of Initial Costs. The County of Yolo and the City of Davis have funded certain activities necessary to implement the CCE Program. If the CCE Program becomes operational, these Initial Costs paid by the County and the City shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent recovery of such costs is permitted by law, and the County and the City shall be reimbursed from the payment of such charges by customers of VCEA. Prior to such reimbursement, the County and the City shall provide such documentation of costs paid as the Board may request. VCEA may establish a reasonable time period over which such costs are recovered. In the event that the CCE Program does not become operational, Yolo and Davis shall not be entitled to any reimbursement of the Initial Costs that have paid from VCEA or any Party. If any of the initial member agency assists in funding initial costs, that initial member shall also be entitled to reimbursement pursuant to this section.
- 5.3.3 CCE Program Costs. The Parties desire that all costs incurred by VCEA that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCE Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCE customers receiving such electric services, or from revenues from grants or other third-party sources.
- 5.3.4 Employee Retirement and Post-retirement benefits. Should the Board determine to provide a defined benefits retirement benefit to VCEA employees (such as PERS) or other post-retirements benefits that would be within an Other Post-Retirement Benefits (OPEB) obligation to VCEA employees, prior to providing such benefit(s) to any employee, the Board shall (1) obtain a third party independent actuarial report on the long term costs of the benefit or benefits, (2) adopt a funding plan for the payment of both current and long-term costs that provides for the payment of all such costs on a current, pay-as-you-go, basis and eliminates any known or reasonably anticipated unfunded liability associated with the benefit(s) and (3) notice all member agencies of the pending consideration of the benefit(s) together with the actuarial report and funding plan, for at least sixty (60) days and obtain the unanimous consent, by resolution, of all the Directors present and voting on the resolution. .

ARTICLE 6: WITHDRAWAL AND TERMINATION

6.1 Withdrawal.

- 6.1.1 Right to Withdraw. A Party may withdraw its participation in the CCE Program, effective as of the beginning of VCEA's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to VCEA and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 6.1.2 Right to Withdraw After Amendment. Notwithstanding Section 6.1.1, a Party may withdraw its membership in VCEA following an amendment to this Agreement adopted by the Board which the Party's Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party's governing board and shall not be subject to the six month advance notice provided in Section 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.
- 6.1.3 The Right to Withdraw Prior to Program Launch. After receiving bids from power suppliers, VCEA shall provide to the Parties the report from the electrical utility consultant retained by VCEA that compares the total estimated electrical rates that VCEA will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that VCEA is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses less renewable energy than the incumbent utility, a Party may immediately withdraw its membership in VCEA without any financial obligation, as long as the Party provides written notice of its intent to withdraw to VCEA Board no more than fifteen (15) days after receiving the report. Any withdrawing Party shall not be entitled to any return of funds provided to VCEA, provided, however, that if, after the program is launched there an unobligated and unused funds, the withdrawing member shall be refunded its pro rata share of the unobligated and unused funds.
- 6.1.4 Continuing Financial Obligation; Further Assurances. Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCE Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and VCEA shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCE Program.

- 6.2 Involuntary Termination of a Party. Participation of a Party in the CCE Program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCE Program upon a vote of Board members as provided in Section 3.7.5. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least thirty (30) days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCE Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.
- 6.3 Continuing Financial Obligations; Refund. Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCE Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party's withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by VCEA to serve the Party's load and any unfunded liabilities such as unfunded retirement contributions or costs and any unfunded post-retirement benefits. With respect to such financial obligations, upon notice by a Party that it wishes to withdraw from the CCE Program, VCEA shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCE Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for withdrawal shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. VCEA may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with VCEA, as reasonably determined by VCEA and approved by a vote of the Board of Directors, to cover the Party's financial obligations for the costs described above. Any amount of the Party's funds held on deposit with VCEA above that which is

required to pay any financial obligations shall be returned to the Party. If there is a disagreement related to the charge(s) for withdrawal or exiting, the Parties shall attempt to settle the amount through mediation or other dispute resolution process as authorized by section 7.1. If the dispute is not resolved, the Parties may agree in writing to proceed to arbitration, or any party may seek judicial review. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

- 6.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCE Program, as described in Section 6.1.
- 6.5 Disposition of Property upon Termination of VCEA. Upon termination of this Agreement, any surplus money or assets in possession of VCEA for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 7: MISCELLANEOUS PROVISIONS

- 7.1 Dispute Resolution. The Parties and VCEA shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Board.
- 7.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of VCEA shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. VCEA shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses and immunities available under the law, to the Parties, VCEA, or its Directors, officers, or employees.
- 7.3 Indemnification of Parties. VCEA shall acquire such insurance coverage as is necessary to protect the interests of VCEA, the Parties, and the public. VCEA shall defend, indemnify, and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising

directly or indirectly from the conduct, activities, operations, acts, and omissions of VCEA under this Agreement.

- 7.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 3.7.5. VCEA shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.
- 7.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to VCEA, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of VCEA or the Parties under this Agreement.
- 7.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.
- 7.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 7.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.
- 7.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time

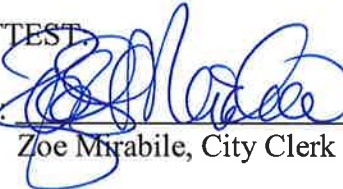
of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of VCEA or Party, as the case may be, or such other person designated in writing by VCEA or Party. Notices given to one Party shall be copied to all other Parties. Notices given to VCEA shall be copied to all Parties.

CITY:

CITY OF DAVIS, a California municipal corporation

By: 
Robb Davis, Mayor

ATTEST:

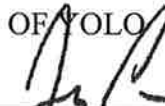
By: 
Zoe Mirabile, City Clerk

APPROVED AS TO FORM:

By: 
Harriet A. Steiner, City Attorney

COUNTY:

COUNTY OF YOLO

By: 
Jim Provenza, Chair
Board of Supervisors

ATTEST:
Julie Dachtler, Deputy Clerk
Board of Supervisors

By: 
Deputy (Seal)



APPROVED AS TO FORM:
Philip Pogledich, County Counsel

By: 
Eric May, Senior Deputy County Counsel

EXHIBIT A DEFINITIONS

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by VCEA with an entity that will perform tasks necessary for planning, implementing, operating and/or administering the CCE Program, or any portion of the CCE Program or any other energy programs adopted by VCEA.

“Agreement” means this Joint Powers Agreement.

“Alliance” or “Authority” or “VCEA” means the Valley Clean Energy Alliance.

“Annual Energy Use” has the meaning given in Section 3.7.1.

“Board” means the Board of Directors of VCEA.

“CCE” or “Community Choice Energy” or “CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCE Program” or “CCA Program” means VCEA’s program relating to CCE that is principally described in Sections 2.3, 2.4, and 4.1.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means October 25, 2016 or when initial members of VCEA, including but not limited to the County of Yolo and the City of Davis execute this Agreement, whichever occurs later, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCE Program.

“Initial Costs” means all costs incurred by the County, the City and/or VCEA relating to the establishment and initial operation of VCEA, such as the hiring of an Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of VCEA’s initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of VCEA.

“Parties” or “Members” means, collectively, the County, the City of Davis and any city or county which executes this Agreement.

Exhibit A

“Party”, “Member” or “Member Agency” means a signatory to this Agreement.

“Total Annual Energy” has the meaning given in Section 3.7.1.

“VCEA Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of VCEA, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

**EXHIBIT B
LIST OF PARTIES**

Parties: County of Yolo
City of Davis

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Approved [October 25, 2016]
JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE
(11/16/2016)
82499.04003\29016479.16

EXHIBIT C
ANNUAL ENERGY USE / VOTING SHARES

Unincorporated Yolo County	318,300,165 KWh
Davis	284,129,391 KWh

ATTACHMENT 2

Approval of Woodland as member of JPA –

June 13, 2017

**JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING
THE VALLEY CLEAN ENERGY ALLIANCE**

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers and establishes the Valley Clean Energy Alliance (“VCEA”), is by and between the County of Yolo (“County”), the City of Davis (“City”) and those other cities and counties who become signatories to this Agreement as provided herein, who agree as follows:

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.
- C. The purposes for entering into this Agreement include:
 - a. Reducing greenhouse gas emissions related to the use of power in Yolo County and neighboring regions;
 - b. Providing electric power and other forms of energy to customers at a competitive cost;
 - c. Carrying out programs to reduce energy consumption;
 - d. Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
 - e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.
- D. It is the mission and purpose of this Agreement to build a strong Community Choice Energy program that is locally controlled and delivers cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions.

June 13, 2017

- E. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and biomass energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State's transition to clean power resources to the extent feasible. The Agency will also add increasing levels of locally generated renewable resources as these projects are developed and customer energy needs expand.
- F. The Parties desire to establish a separate public agency, known as the Valley Clean Energy Alliance or VCEA, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- G. The Parties anticipate adopting an ordinance electing to implement through the VCEA a common Community Choice Energy (CCE) program (also known as a community choice aggregation (CCA) program) hereinafter called a CCE Program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(b) and 366.2. The first priority of the VCEA will be the consideration of those actions necessary to implement the CCE Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

- 1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.
- 1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares
Exhibit E: Signatures

June 13, 2017

ARTICLE 2: FORMATION OF VALLEY CLEAN ENERGY ALLIANCE

- 2.1 Effective Date and Term. This Agreement shall become effective and VCEA shall exist as a separate public agency on October 25, 2016, or when the County and the City execute this Agreement, whichever occurs later. The VCEA shall provide notice to the Parties of the Effective Date. VCEA shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from VCEA.
- 2.2 Formation. There is formed as of the Effective Date a public agency named Valley Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, VCEA is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of VCEA shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of VCEA. A Party who has not agreed to assume an VCEA debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of VCEA. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.
- 2.2.1 Name. VCEA may change its name at any time through adoption of a resolution of the Board of Directors.
- 2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to build a strong CCE program that achieves deep, long-term GHG emission reductions by offering clean, cost effective and price stable electricity to residents, businesses, and agricultural producers while carrying out innovative programs to reduce customer energy use, substantially increase local renewable energy production, and power the local transportation system. To that end, VCEA will study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCE Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCE Program and any other energy programs approved by VCEA.

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2.4 Membership in VCEA.

2.4.1 The initial members of VCEA are the County of Yolo and the City of Davis. The Cities of Woodland, West Sacramento and Winters may also become initial members of VCEA by resolution of the city's city council adopted prior to the Effective Date.

2.4.2 Any city or county, that is not an initial member, may request to become a member of VCEA by submitting a resolution adopted by its City Council or Board of Supervisors to the Board of VCEA. The Board shall review the request and shall vote to approve or disapprove the request. The Board may establish conditions, including but not limited to financial conditions, under which the city or county may become a member of VCEA. The Board shall notify the then members of VCEA of this request and the date that the request will be on the Board's meeting agenda for action. The date set for Board action shall be at least forty-five (45) days from the date the notice is mailed to the members. If the request is approved by the Board, the city or county shall become a member of VCEA under the terms and conditions set forth by the Board and upon approval and execution of this Agreement by the city or county.

2.5 Powers. VCEA shall have all powers common to the Parties and such additional powers accorded to it by law. VCEA is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.5:

2.5.1 to make and enter into contracts;

2.5.2 to employ agents and employees, including but not limited to an Executive Officer;

2.5.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.5.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, VCEA shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection without first meeting and conferring in good faith.

2.5.5 to lease any property;

2.5.6 to sue and be sued in its own name;

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- 2.5.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;
 - 2.5.8 to form subsidiary or independent corporations or entities if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
 - 2.5.9 to issue revenue bonds and other forms of indebtedness;
 - 2.5.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
 - 2.5.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCE Program and other energy programs;
 - 2.5.12 to adopt Operating Rules and Regulations;
 - 2.5.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCE Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and
 - 2.5.14 to permit additional Parties to enter into this Agreement after the Effective Date and to permit another entity authorized to be a community choice aggregator to designate VCEA to act as the community choice energy aggregator on its behalf.
- 2.6 Limitation on Powers. As required by Government Code Section 6509, the power of VCEA is subject to the restrictions upon the manner of exercising power possessed by City of Davis.

ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION

- 3.1 Board of Directors. VCEA shall be governed by a legislative body known as the a Board of Directors (“Board”). The Initial Board shall consist of two (2) directors appointed by each of the initial members; for example, if the initial members are the County of Yolo and the City of Davis, the board shall be four (4) directors with two (2) directors appointed by the Yolo County Board of Supervisors and two (2) directors appointed by the City Council of Davis. Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director, and may be removed as Director by such governing

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board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 60 days of the date that such position becomes vacant. Directors must be members of the Board of Supervisors or members of the City Council of the appointing City that is the signatory to this Agreement. Each Party may appoint an alternate(s) to serve in the absence of its Director(s). Alternates may be either (1) members of the Board of Supervisors or (2) members of the governing board of the municipality that is the signatory to this Agreement.

If additional cities or counties join VCEA, as set forth in section 2.4, each city or county that becomes a member of VCEA shall be entitled to two (2) directors who shall be appointed as set forth above. When the fifth member joins VCEA, the number of directors per member agency of all current member agencies shall be reduced to one (1) director per member agency.

- 3.1.1 Ex officio Directors. The Board may appoint ex officio members of the Board. Ex officio directors shall receive all meeting notices, shall have the right to participate in Board discussions and the right to place items on the agenda but shall not be counted towards a quorum and shall have no vote.
- 3.2 Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.
- 3.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of VCEA, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCE Program. Board approval shall be required for any of the following actions:
 - 3.3.1 The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.
 - 3.3.2 The appointment or termination of the Executive Officer and General Counsel.
 - 3.3.3 The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3.
 - 3.3.4 Any decision to provide retirement or post-retirement benefits that are defined benefit programs, subject to the requirements of section 5.3.4, below.
 - 3.3.5 The adoption of the Annual Budget.

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- 3.3.6 The adoption of an ordinance.
- 3.3.7 The approval of agreements, except as provided by Section 3.4.
- 3.3.8 The initiation or resolution of claims and litigation where VCEA will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Executive Officer or General Counsel, on behalf of VCEA, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board as long as such action is consistent with any adopted Board policies.
- 3.3.9 The setting of rates for power sold by VCEA and the setting of charges for any other category of service provided by VCEA.
- 3.3.10 Termination of the CCE Program.
- 3.4 Executive Officer. The Board of Directors shall appoint an Executive Officer for VCEA, who shall be responsible for the day-to-day operation and management of VCEA and the CCE Program. The Executive Officer may be retained under contract with VCEA, be an employee of VCEA, or be an employee of one of the Parties. The Executive Officer shall report directly to the Board and serve as staff to VCEA. Except as otherwise set forth in this Agreement, the Executive Officer may exercise all powers of VCEA, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement is less than \$100,000 in any fiscal year, or such higher amount as established by the Board from time to time, by resolution of the Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board of Directors. The Executive Officer shall serve at the pleasure of the Board.
- 3.5 Commissions, Boards, and Committees. The Board may establish commissions, boards or committees, including but not limited to a standing executive committee of the Board, as the Board deems appropriate, to assist the Board in carrying out its authority and functions under this Agreement and may delegate authority to such commission, board or committee as set forth in a Board resolution. Such delegation may be modified, amended or revoked as any time as the Board may deem appropriate. Any decision delegated pursuant to this subsection may be appealed to the Board, as the Board so determines.
 - 3.5.1 The Board may also establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying

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out its functions and implementing the CCE Program, other energy programs and the provisions of this Agreement.

3.5.2 Any board, commission or committee formed under this section shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6 Director Compensation. Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by VCEA of expenses incurred by Directors.

3.7 Voting. In general, as described below in Section 3.7.3, action by VCEA Board will be taken solely by a majority vote of the total number of Directors present; provided, however, that so long as VCEA consists of three or less members, all actions of the Board shall require the affirmative vote of at least one director appointed by each member. In addition, as described below in Section 3.7.4, upon request of two (2) Directors each from a different member agency, a weighted vote by shares will also be conducted. When such a request is made, an action must be approved by both a majority vote of Directors present and a majority of the weighted vote by shares present. No action may be approved solely by a vote by shares. The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

3.7.1 Voting Shares.

Each member agency shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

- (a) “Annual Energy Use” means, (i) with respect to the first two (2) years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage during the prior Fiscal Year, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by VCEA; and
- (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in Exhibit C, and shall be adjusted annually as soon as

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reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

- (c) The combined voting share of all Directors representing a member agency shall be based upon the annual electricity usage within the member agency's jurisdiction; the combined voting share of a county shall be based upon the annual electricity usage within the unincorporated area of the county.

For the purposes of Weighted Voting, if a member agency has more than one director present and voting, then the voting shares allocated to the entity shall be equally divided amongst its Directors that are present and voting.

- 3.7.2 Exhibit Showing Voting Shares. The initial voting shares will be set forth in Exhibit D. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties and changes in the Parties' Annual Energy Use. Exhibit D and adjustments shall be approved by the Board.
- 3.7.3 Approval Requirements Relating to CCE Program. Except as provided in Sections 3.7 above and 3.7.4 and 3.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.
- 3.7.4 Option for Approval by Voting Shares. Notwithstanding Section 3.7.3, any two (2) Directors, each appointed from a different member agency, present at a meeting may demand that approval of any matter related to the CCE Program be determined on the basis of both voting shares and by the affirmative vote of a majority of Directors present at the meeting. If two Directors makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares present, as determined by Section 3.7.1 except as provided in Section 3.7.5.
- 3.7.5 Special Voting Requirements for Certain Matters.
 - (a) Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present; provided, however, that (i) notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed from a

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different member agency, may demand that the vote be determined on the basis of both voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require the affirmative vote of both at least two-thirds of Directors present and the affirmative vote of Directors having at least two-thirds of the voting shares present, as determined by Section 3.7.1; (ii) but, Directors from at least two (2) Parties must vote against a matter for the vote to fail; and (iii) for votes to involuntarily terminate a Party under Section 6.2, the Director(s) for the Party subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and the weighted vote of each Party shall be recalculated as if the Party subject to possible termination were not a Party.

- (b) **Seventy-Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.**
 - (i) A decision to exercise the power of eminent domain on behalf of VCEA to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present and voting and a vote of at least two-thirds of all the members of the Board of Directors .
 - (ii) The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCE Program shall require a vote of at least 75% of all Directors present and voting and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.
 - (iii) Notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed by a different member agency, may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require both the affirmative vote of at least 75% of Directors present and the affirmative vote of Directors having at least 75% of the voting shares present, as determined by Section 3.7.1, but Directors from at least two (2) Parties must vote against a matter for the vote to fail. For purposes of this section, “imposition on any Party of any obligation to make

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contributions or pledge assets as a condition of continued participation in the CCE Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

- 3.8 Meetings and Special Meetings of the Board. The Board shall hold at least six (6) regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Board may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).
- 3.9 Selection of Board Officers.
- 3.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Chair and vice Chair shall serve at the pleasure of the Board. There shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:
- (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or
 - (b) the Party that he or she represents withdraws from VCEA pursuant to the provisions of this Agreement.
- 3.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of VCEA.
- 3.9.3 Treasurer and Auditor. The Treasurer shall function as the combined offices of Treasurer and Auditor pursuant to Government code section 6505.6 and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 65.5 of the Act. The Treasurer for VCEA shall be the depository and have custody of all money of VCEA from whatever source and shall draw all warrants and pay demands against VCEA as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of VCEA to be made by a certified public accountant, or public accountant, in compliance with Section 6505

June 13, 2017

of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5. The Treasurer shall serve at the pleasure of the Board.

- 3.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as VCEA's agent for planning, implementing, operating and administering the CCE Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. One or more of the Parties may agree to provide all or a portion of the services in the manner set forth in an Administrative Services Agreement. Employees of the member agencies utilized to perform such services shall remain employees of the member agency and subject to the employing member agency's control and supervision. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all or enumerated tasks necessary for planning, implementing, operating and administering the CCE Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement, the services to be provided, and the circumstances under which the Administrative Services Agreement may be terminated by VCEA. This section shall not in any way be construed to limit the discretion of VCEA to hire its own employees to administer the CCE Program or any other program.

ARTICLE 4: IMPLEMENTATION ACTION AND VCEA DOCUMENTS

- 4.1 Preliminary Implementation of the CCE Program.
- 4.1.1 Enabling Ordinance. To be eligible to participate in the CCE Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCE Program by and through its participation in VCEA.
- 4.1.2 Implementation Plan. VCEA shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 3.7.3.

June 13, 2017

- 4.1.3 Termination of CCE Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of VCEA to terminate the implementation or operation of the CCE Program at any time in accordance with any applicable requirements of state law.
- 4.2 VCEA Documents. The Parties acknowledge and agree that the affairs of VCEA will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties' right to withdraw from VCEA as described in Article 6.

ARTICLE 5: FINANCIAL PROVISIONS

- 5.1 Fiscal Year. VCEA's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 5.2 Depository.
- 5.2.1 All funds of VCEA shall be held in separate accounts in the name of VCEA and not commingled with funds of any Party or any other person or entity.
- 5.2.2 All funds of VCEA shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of VCEA shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of VCEA, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 5.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.
- 5.3 Budget and Recovery of Costs.
- 5.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of VCEA shall be approved by the Board in accordance with the Operating Rules and Regulations.

June 13, 2017

- 5.3.2 Funding of Initial Costs. The County of Yolo and the City of Davis have funded certain activities necessary to implement the CCE Program. If the CCE Program becomes operational, these Initial Costs paid by the County and the City shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent recovery of such costs is permitted by law, and the County and the City shall be reimbursed from the payment of such charges by customers of VCEA. Prior to such reimbursement, the County and the City shall provide such documentation of costs paid as the Board may request. VCEA may establish a reasonable time period over which such costs are recovered. In the event that the CCE Program does not become operational, Yolo and Davis shall not be entitled to any reimbursement of the Initial Costs that have paid from VCEA or any Party. If any of the initial member agency assists in funding initial costs, that initial member shall also be entitled to reimbursement pursuant to this section.
- 5.3.3 CCE Program Costs. The Parties desire that all costs incurred by VCEA that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCE Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCE customers receiving such electric services, or from revenues from grants or other third-party sources.
- 5.3.4 Employee Retirement and Post-retirement benefits. Should the Board determine to provide a defined benefits retirement benefit to VCEA employees (such as PERS) or other post-retirements benefits that would be within an Other Post-Retirement Benefits (OPEB) obligation to VCEA employees, prior to providing such benefit(s) to any employee, the Board shall (1) obtain a third party independent actuarial report on the long term costs of the benefit or benefits, (2) adopt a funding plan for the payment of both current and long-term costs that provides for the payment of all such costs on a current, pay-as-you-go, basis and eliminates any known or reasonably anticipated unfunded liability associated with the benefit(s) and (3) notice all member agencies of the pending consideration of the benefit(s) together with the actuarial report and funding plan, for at least sixty (60) days and obtain the unanimous consent, by resolution, of all the Directors present and voting on the resolution. .

ARTICLE 6: WITHDRAWAL AND TERMINATION

6.1 Withdrawal.

June 13, 2017

- 6.1.1 Right to Withdraw. A Party may withdraw its participation in the CCE Program, effective as of the beginning of VCEA's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to VCEA and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 6.1.2 Right to Withdraw After Amendment. Notwithstanding Section 6.1.1, a Party may withdraw its membership in VCEA following an amendment to this Agreement adopted by the Board which the Party's Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party's governing board and shall not be subject to the six month advance notice provided in Section 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.
- 6.1.3 The Right to Withdraw Prior to Program Launch. After receiving bids from power suppliers, VCEA shall provide to the Parties the report from the electrical utility consultant retained by VCEA that compares the total estimated electrical rates that VCEA will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that VCEA is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses less renewable energy than the incumbent utility, a Party may immediately withdraw its membership in VCEA without any financial obligation, as long as the Party provides written notice of its intent to withdraw to VCEA Board no more than fifteen (15) days after receiving the report. Any withdrawing Party shall not be entitled to any return of funds provided to VCEA, provided, however, that if, after the program is launched there an unobligated and unused funds, the withdrawing member shall be refunded its pro rata share of the unobligated and unused funds.
- 6.1.4 Continuing Financial Obligation; Further Assurances. Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCE Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and VCEA shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCE Program.

June 13, 2017

- 6.2 Involuntary Termination of a Party. Participation of a Party in the CCE Program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCE Program upon a vote of Board members as provided in Section 3.7.5. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least thirty (30) days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCE Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.
- 6.3 Continuing Financial Obligations; Refund. Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCE Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party's withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by VCEA to serve the Party's load and any unfunded liabilities such as unfunded retirement contributions or costs and any unfunded post-retirement benefits. With respect to such financial obligations, upon notice by a Party that it wishes to withdraw from the CCE Program, VCEA shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCE Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for withdrawal shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. VCEA may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with VCEA, as reasonably determined by VCEA and approved by a vote of the Board of Directors, to cover the Party's financial obligations for the costs described above. Any amount of the Party's funds held on deposit with VCEA above that which is

June 13, 2017

required to pay any financial obligations shall be returned to the Party. If there is a disagreement related to the charge(s) for withdrawal or exiting, the Parties shall attempt to settle the amount through mediation or other dispute resolution process as authorized by section 7.1. If the dispute is not resolved, the Parties may agree in writing to proceed to arbitration, or any party may seek judicial review. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

- 6.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCE Program, as described in Section 6.1.
- 6.5 Disposition of Property upon Termination of VCEA. Upon termination of this Agreement, any surplus money or assets in possession of VCEA for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 7: MISCELLANEOUS PROVISIONS

- 7.1 Dispute Resolution. The Parties and VCEA shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Board.
- 7.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of VCEA shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. VCEA shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses and immunities available under the law, to the Parties, VCEA, or its Directors, officers, or employees.
- 7.3 Indemnification of Parties. VCEA shall acquire such insurance coverage as is necessary to protect the interests of VCEA, the Parties, and the public. VCEA shall defend, indemnify, and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all

June 13, 2017

claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of VCEA under this Agreement.

- 7.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 3.7.5. VCEA shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.
- 7.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to VCEA, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of VCEA or the Parties under this Agreement.
- 7.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.
- 7.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 7.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.
- 7.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with

Approval of Woodland as member of JPA –

June 13, 2017

return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of VCEA or Party, as the case may be, or such other person designated in writing by VCEA or Party. Notices given to one Party shall be copied to all other Parties. Notices given to VCEA shall be copied to all Parties.

CITY:

CITY OF DAVIS, a California municipal corporation

By: _____
Robb Davis, Mayor

ATTEST:

By: _____
Zoe Mirabile, City Clerk

APPROVED AS TO FORM:

By: _____
Harriet A. Steiner, City Attorney

COUNTY:

COUNTY OF YOLO

By: _____
Jim Provenza, Chair
Board of Supervisors

ATTEST:

Julie Dachtler, Deputy Clerk
Board of Supervisors

By: _____
Deputy (Seal)

APPROVED AS TO FORM:

Philip Pogledich, County Counsel

By: _____
Eric May, Senior Deputy County Counsel

**EXHIBIT A
DEFINITIONS**

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by VCEA with an entity that will perform tasks necessary for planning, implementing, operating and/or administering the CCE Program, or any portion of the CCE Program or any other energy programs adopted by VCEA.

“Agreement” means this Joint Powers Agreement.

“Alliance” or “Authority” or “VCEA” means the Valley Clean Energy Alliance.

“Annual Energy Use” has the meaning given in Section 3.7.1.

“Board” means the Board of Directors of VCEA.

“CCE” or “Community Choice Energy” or “CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCE Program” or “CCA Program” means VCEA’s program relating to CCE that is principally described in Sections 2.3, 2.4, and 4.1.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means October 25, 2016 or when initial members of VCEA, including but not limited to the County of Yolo and the City of Davis execute this Agreement, whichever occurs later, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCE Program.

“Initial Costs” means all costs incurred by the County, the City and/or VCEA relating to the establishment and initial operation of VCEA, such as the hiring of an Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of VCEA’s initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of VCEA.

Exhibit A

“Parties” or “Members” means, collectively, the County, the City of Davis and any city or county which executes this Agreement.

“Party”, “Member” or “Member Agency” means a signatory to this Agreement.

“Total Annual Energy” has the meaning given in Section 3.7.1.

“VCEA Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of VCEA, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

**EXHIBIT B
LIST OF PARTIES**

Parties: County of Yolo
City of Davis
City of Woodland

Page 22 of 25

Approved [October 25, 2016][June 13, 2017]
JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE
(6/8/2017)
82499.04003\29016479.18

EXHIBIT C
ANNUAL ENERGY USE / VOTING SHARES

Unincorporated Yolo County	318,300,165 KWh
Davis	284,129,391 KWh
Woodland	351,904,519 KWh

EXHIBIT D
VOTING SHARES 6/13/17

Unincorporated Yolo County	318,300,165 KWh	33.353117 votes
Davis	284,129,391 KWh	29.772529 votes
Woodland	<u>351,904,519 KWh</u>	<u>36.874353 votes</u>
Total	954,334,075 KWh	

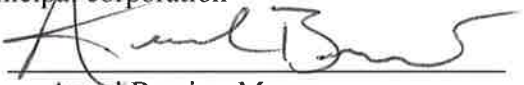
EXHIBIT E
SIGNATURE PAGE(S)

Woodland membership – effective 6/13/2017

Approved by the City of Woodland And VCEA

CITY:

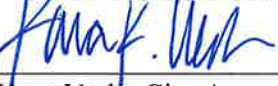
CITY OF WOODLAND, a California
municipal corporation

By: 
Angel Barajas, Mayor

ATTEST:

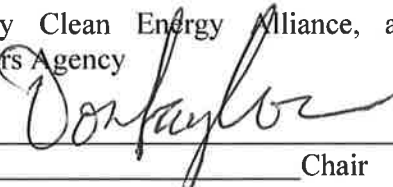
By: 
Ana Gonzalez, City Clerk

APPROVED AS TO FORM:

By: 
Kara Ueda, City Attorney

VCEA:

Valley Clean Energy Alliance, a Joint
Powers Agency

By: 
Chair

ORDINANCE NO. 2487

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DAVIS AMENDING
THE DAVIS MUNICIPAL CODE TO ADD CHAPTER 16 TO BE ENTITLED
COMMUNITY CHOICE AGGREGATION (ELECTRICITY) AND
AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE
AGGREGATION PROGRAM**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY
ORDAIN AS FOLLOWS:

SECTION 1. PURPOSE

The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program, otherwise known as community choice energy, through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. AMENDMENT OF THE MUNICIPAL CODE

Chapter 16 is hereby added to the Municipal Code to read as follows:

**CHAPTER 16
COMMUNITY CHOICE AGGREGATION (ELECTRICITY)**

**Article 16.01 Authorization to Implement a Community Choice Aggregation
Program.**

Section 16.01.010 Authorization.

In order to provide businesses and residents within the City with a choice of power providers, the City hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. SEVERABILITY

If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. EFFECTIVE DATE

This Ordinance shall take effect and be in force thirty (30) days following its adoption. Prior to expiration of fifteen (15) days after its passage of this Ordinance, it shall be published by title

and summary only in the Davis Enterprise or other newspaper of general circulation together with the names of members of the City Council voting for and against the same.

INTRODUCED on the 25th day of October, 2016, and PASSED AND ADOPTED by the City Council of the City of Davis this 1st day of November, 2016, by the following vote:

AYES: Arnold, Frerichs, Lee, Davis


NOES: None

ABSENT: Swanson



Robb Davis
Mayor

ATTEST:



Zoe S. Mirabile, CMC
City Clerk

BOARD OF SUPERVISORS
Yolo County, California

To: Comm. Svcs. ✓
County Counsel ✓

CONSENT CALENDAR

Excerpt of Minute Order No. 16-159 Item No. 9, of the Board of Supervisors' meeting of November 8, 2016.

MOTION: Rexroad. SECOND: Saylor. AYES: Chamberlain, Villegas, Saylor, Rexroad, Provenza.

9.

Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis. (No general fund impact) (Echiburu/Espinoza)

Approved **Ordinance No. 1475** on Consent.



County of Yolo

www.yolocounty.org

To: Supervisor Jim Provenza, Chair
and Members of the Board of Supervisors

Consent-Community Services # 9.

Board of Supervisors

Community Services

Meeting Date: 11/08/2016

Brief Title: Community Choice Energy Ordinance Second Reading

From: Taro Echiburu, Director, Community Services Department

Staff Contact: Regina Espinoza, Climate Action and Sustainability Manager, Community Services Department, x8725

Subject

Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis. (No general fund impact) (Echiburu/Espinoza)

Recommended Action

Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis.

Strategic Plan Goal(s)

Operational Excellence
Sustainable Environment

Reason for Recommended Action/Background

On October 25, 2016, the Board of Supervisors introduced an ordinance authorizing the implementation of a Community Choice Aggregation program, also referred to as Community Choice Energy (CCE), through the Valley Clean Energy Alliance Joint Powers Authority to provide businesses and residents within unincorporated Yolo County and the City of Davis with a choice of power providers. Public comment in support was received and now staff recommends that the Board waive the second reading and adopt the ordinance (Attachment A).

Collaborations (including Board advisory groups and external partner agencies)

County Administrator's Office, County Counsel, VCEA/CCE Planning Team (Board of Supervisors/Davis City Council/Woodland City Council CCE subcommittees), LEAN Energy

Fiscal Information

Fiscal impact (see budgetary detail below)

Fiscal Impact of this Expenditure

Total cost of recommended action	\$500,000
Amount budgeted for expenditure	\$500,000
Additional expenditure authority needed	\$0
One-time commitment	Yes

Source of Funds for this Expenditure

General Fund	\$0
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Further explanation as needed

The 2016-17 budget includes \$500,000 loan from Demeter funds to partially fund reimbursable CCE program start-up costs. The City of Davis also allocated \$500,000 for the same purpose.

Attachments

Att. A. Ordinance

Form Review

Inbox	Reviewed By	Date
Taro Echiburu	Taro Echiburu	10/28/2016 04:24 PM
Carolyn West	Carolyn West	10/31/2016 11:39 AM
County Counsel	Hope Welton	11/01/2016 09:39 AM
Form Started By: Regina Espinoza		Started On: 09/09/2016 01:46 PM
Final Approval Date: 11/01/2016		

NOV 08 2016

BY Lupeita Ramirez
DEPUTY CLERK OF THE BOARD

ORDINANCE NO. 1475

**AN ORDINANCE OF THE YOLO COUNTY BOARD OF SUPERVISORS
AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE
AGGREGATION PROGRAM**

The Board of Supervisors of the County of Yolo, hereby ordains as follows:

SECTION 1. PURPOSE

The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. ADDITIONS TO TITLE 2 OF THE COUNTY CODE

Chapter 10 is hereby added to Title 2 of the County Code:

Chapter 10: Community Choice Aggregation

Sec. 2-10.01: Authorization to Implement a Community Choice Aggregation Program.

In order to provide businesses and residents within unincorporated Yolo County with a choice of power providers, the County of Yolo hereby elects to implement a community choice aggregation program within the jurisdiction of unincorporated Yolo County by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. SEVERABILITY

If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The Board of Supervisors hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. EFFECTIVE DATE

This Ordinance shall take effect and be in force thirty (30) days following its adoption. Prior to expiration of fifteen (15) days after its passage of this Ordinance, it shall be published by title and summary only in the Davis Enterprise or other newspaper of general circulation together with the names of members of the Board of Supervisors voting for and against the same.

I HEREBY CERTIFY that the foregoing Ordinance was introduced before the Board of Supervisors of the County of Yolo and, at a further public hearing, said Board adopted this Ordinance on the 8th day of November, 2016, by the following vote:

AYES: **Chamberlain, Villegas, Saylor, Rexroad, Provenza.**

NOES: **None.**

ABSENT: **None.**

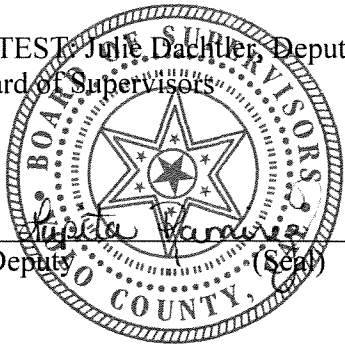
ABSTAIN: **None.**



Jim Provenza, Chair
Yolo County Board of Supervisors

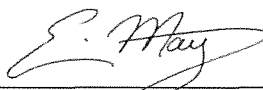
ATTEST: ~~Julie Dachtler~~, Deputy Clerk,
Board of Supervisors

By ~~Alfred Varona~~
Deputy (Seal)



APPROVED AS TO FORM:

Philip J. Pogledich, County Counsel

By 

Eric May, Senior Deputy



COUNTY OF YOLO

Board of Supervisors

District 1, **Oscar Villegas**
District 2, **Don Saylor**
District 3, **Matt Rexroad**
District 4, **Jim Provenza**
District 5, **Duane Chamberlain**

625 Court Street, Room 204 • Woodland, CA 95695
(530) 666-8195 • FAX (530) 666-8193
www.yolocounty.org

County Administrator, **Patrick S. Blacklock**
Deputy Clerk of the Board, **Julie Dachtler**

PUBLIC NOTICE

ADOPTED ORDINANCE NO. 1475

NOTICE is hereby given that at its regularly scheduled meeting of November 8, 2016 the Yolo County Board of Supervisors adopted Ordinance No. 1475 authorizing the implementation of a Community Choice Aggregation Program.

The Ordinance was adopted by the following vote:

AYES: Chamberlain, Villegas, Saylor, Rexroad, Provenza.

NOES: None.

ABSENT: None.

ABSTAIN: None.

Copies of the full text of the Ordinance are available at the Office of the Clerk of the Board of Supervisors, 625 Court Street, Room 204, Woodland, CA 95695.

Dated: November 11, 2016

Lupita Ramirez, Deputy Clerk
Yolo County Board of Supervisors

(2015.5 C.C.P.)

Filing Stamp

STATE OF CALIFORNIA
County of Yolo

I am a citizen of the United States and a resident of the county aforesaid. I am over the age of eighteen years and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of

THE DAVIS ENTERPRISE
315 G STREET

FILED

NOV 15 2016

BY Lupita Ramirez
DEPUTY CLERK OF THE BOARD

Proof of Publication
DE207058
Ordinance

printed and published Wednesday, Friday and Sunday in the city of Davis, County of Yolo, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Yolo, State of California, under the date of July 14, 1952, Case Number 12680. That the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been issue of said newspaper and not in any supplement thereof on the following dates to-wit:

November 11

All in the year(s) 2016

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Davis, California,
This 9th day of November, 2016.

Molly McMahon

Molly McMahon
Legal Advertising Clerk

Public Notices	Public Notices	Public Notices	Public Notices
PUBLIC NOTICE			
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Dated: November 11, 2016		Lupita Ramirez, Deputy Clerk Yolo County Board of Supervisors	
DE207058		November 11, 2016	

ORDINANCE NO. 1616

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
WOODLAND AMENDING THE WOODLAND MUNICIPAL CODE TO
ADD CHAPTER 7A, ENTITLED “COMMUNITY CHOICE
AGGREGATION (ELECTRICITY)” AND AUTHORIZING THE
IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION
PROGRAM**

BE IT ORDAINED by the City Council of the City of Woodland as follows:

SECTION 1. Purpose

The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. Amendment to the Municipal Code Chapter 7A is hereby added to the Municipal Code to read as follows:

Chapter 7A. - Community Choice Aggregation (Electricity)

Article 1. - Authorization to Implement a Community Choice Aggregation Program.

Section 7A-1-1. - Authorization: In order to provide businesses and residents within the City with a choice of power providers, the City hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. Severability

If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. Effective Date

This Ordinance shall take effect and be in force thirty (30) days following its adoption.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15 *Confidential & Proprietary*

TO: Valley Clean Energy Alliance Board

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

SUBJECT: Q3 2019 Procurement Update (Informational)

DATE: November 14, 2019

CONTEXT

In accordance with VCE's Wholesale Energy Risk Management Policy, staff is providing this Q3 2019 Procurement Update.

SUMMARY

All forward 2020 procurements have been completed.

We expect 2019 power costs to come in slightly above forecast (as set in May), at an increased cost of \$0.377 million. Current power cost projections for 2020, compared to the May estimates, are \$0.529 million higher driven by significant increases in RA prices and increased costs for short term renewable procurement, largely offset by the drop in forward market power prices.

Our current estimate of 2021 power costs is looking \$2.307 million worse than prior estimates for two primary reasons: 1. We've changed assumptions on when in 2021 the pending new long-term renewable contracts begin delivering, and have factored in the increased expected cost of those renewables; and, 2. The increase in RA prices seen recently in the market are negatively impacting RA procurement costs for 2021.

The 2020 Year Ahead Resource Adequacy Filing was made on October 31, 2019, and we were able to demonstrate full compliance with the minimum regulatory requirements.

CURRENT POWER PORTFOLIO NET POSITION

Table 1 shows VCE's current power portfolio net position.

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Table 1. VCE Net Position

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2019

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2020

A large rectangular area of the table for the year 2020 is completely redacted with a solid black fill.

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2021 & 2022



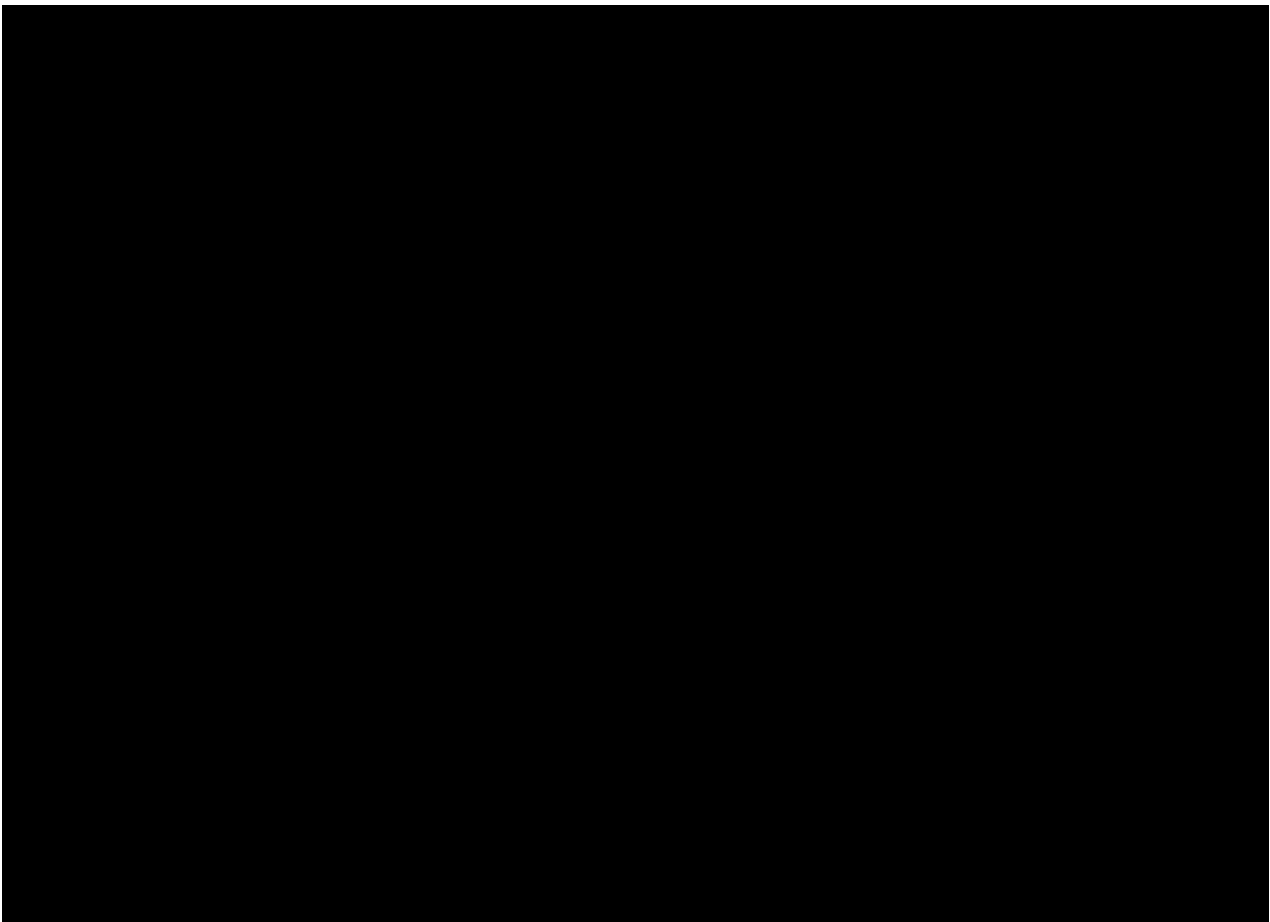
MARKET POWER PRICES

Forward prices for market power for 2019, 2020, and 2021 have continued to trade on the low side of recent historical prices.



Figures 1 and 2 below show the trend of On Peak and Off Peak NP-15 from January of 2018.

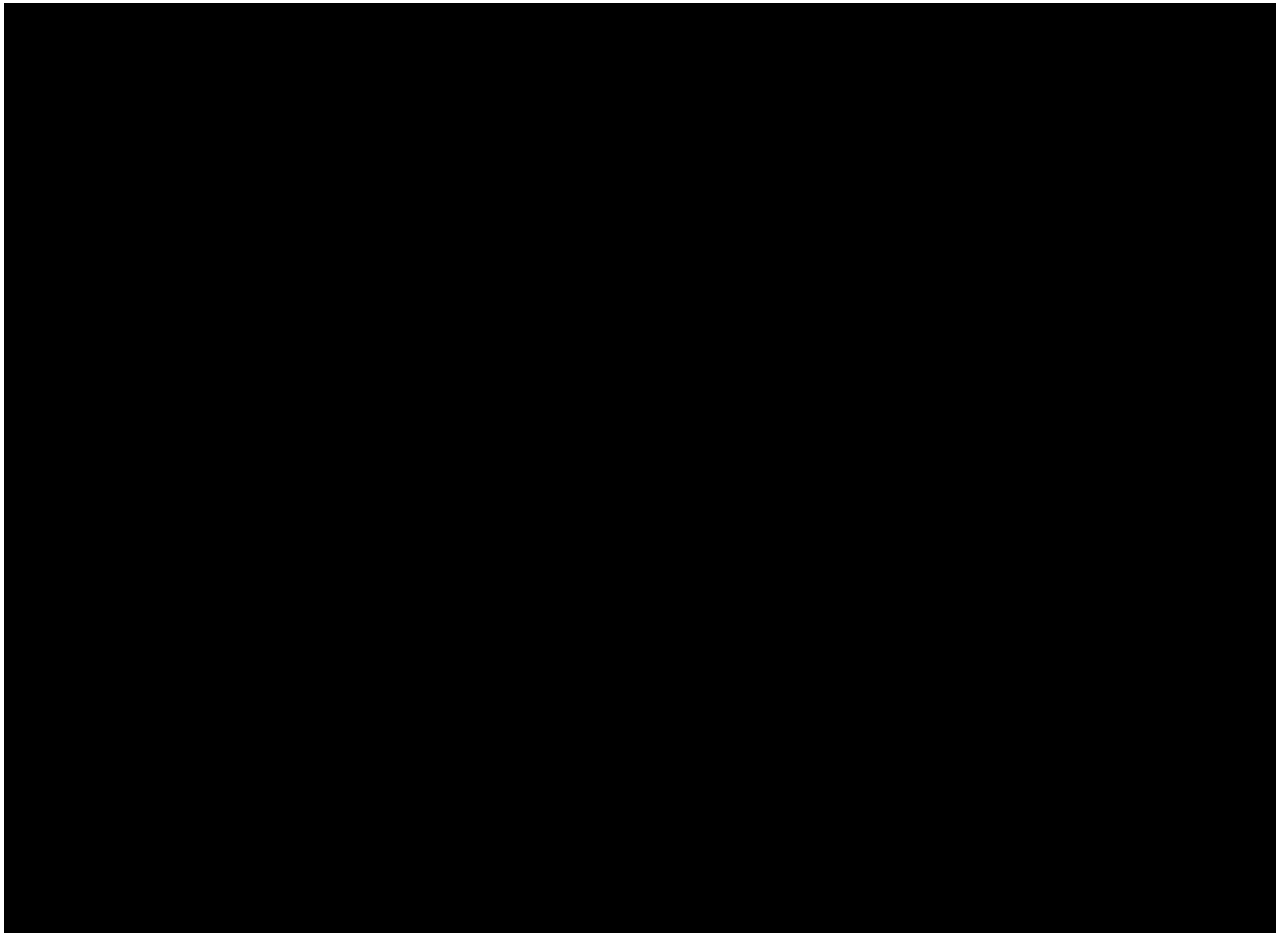
Figure 1. On Peak NP-15 Forward Power Prices



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The most recent price curves are the darkest, and the price curves lighten, the farther back in time their vintage represents.

Figure 2. Off Peak NP-15 Forward Power Prices



CURRENT POWER SUPPLY COST PROJECTIONS

Tables 2, 3, and 4 below show the current power supply costs compared with forecasts from May.

2019

For 2019, power cost projections are slightly higher than projected, due to slightly higher market power prices.

Table 2. 2019 Power Budget Comparison

2019 Power Supply Cost	Target Budget	Current Budget	Net Savings (Costs)
Market Energy	\$ 27,541,065	\$ 27,883,242	\$ (342,177)
CAISO Variable Fees	\$ 123,723	\$ 123,723	\$ -
REC Costs	\$ 3,377,424	\$ 3,377,424	\$ -
Resource Adequacy Cost	\$ 7,844,033	\$ 7,839,750	\$ 4,282
CAISO GMC Cost	\$ 311,952	\$ 311,952	\$ -
Market Services Charge	\$ 66,037	\$ 66,037	\$ -
System Operations Charge	\$ 233,915	\$ 233,915	\$ -
SCID Fee	\$ 12,000	\$ 12,000	\$ -
Carbon Free Premium	\$ 1,032,870	\$ 1,072,251	\$ (39,381)
2019 Total Power Cost	\$ 40,231,067	\$ 40,608,343	\$ (377,276)

2020

For 2020 power cost projections are worse by \$0.529 million, driven by significant increases in RA prices, and increased costs for short term renewable procurement, largely offset by the drop in forward market power prices. Large Hydro costs came in \$0.203 million over estimates, as well.

Table 3. 2020 Power Budget Comparison

2020 Power Supply Cost	Baseline Forecast	Current Forecast	Net Savings (Costs)
Market Energy	\$ 35,190,464	\$ 30,778,675	\$ 4,411,788
CAISO Variable Fees	\$ 133,350	\$ 133,350	\$ -
REC Costs	\$ 2,806,279	\$ 4,186,763	\$ (1,380,483)
Resource Adequacy Cost	\$ 7,559,691	\$ 10,916,350	\$ (3,356,659)
CAISO GMC Cost	\$ 335,291	\$ 335,291	\$ -
Market Services Charge	\$ 71,176	\$ 71,176	\$ -
System Operations Charge	\$ 252,115	\$ 252,115	\$ -
SCID Fee	\$ 12,000	\$ 12,000	\$ -
Carbon Free Premium	\$ 1,272,271	\$ 1,476,091	\$ (203,820)
2020 Total Power Cost	\$ 47,297,346	\$ 47,826,520	\$ (529,174)

2021

Our current estimate of 2021 power costs is looking \$2.307 million worse than prior estimates for two primary reasons: 1. We've changed assumptions on when in 2021 the pending new long-term renewable contracts begin delivering, and have factored in the increased expected cost of those renewables; and, 2. The increase in RA prices seen recently in the market are negatively impacting RA procurement costs for 2021.

The renewable supply for 2021 has not been locked in yet, and VCE will have a better idea of 2021 costs once we execute the long-term renewable PPA that we are negotiating with a supplier for. Also, with regard to increasing power cost on VCE's overall financial picture, a key off-setting factor to rising power costs is the downward pressure on the Power Charge Indifference Adjustment (PCIA) that higher RA market prices will have. This is expected to provide some cost relief going forward. In addition, future years will have the cost benefit of

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long-term renewable contracts in place for the full year whereas 2021 will only have that for half-year as those projects come on-line.

Table 4. 2021 Power Budget Comparison

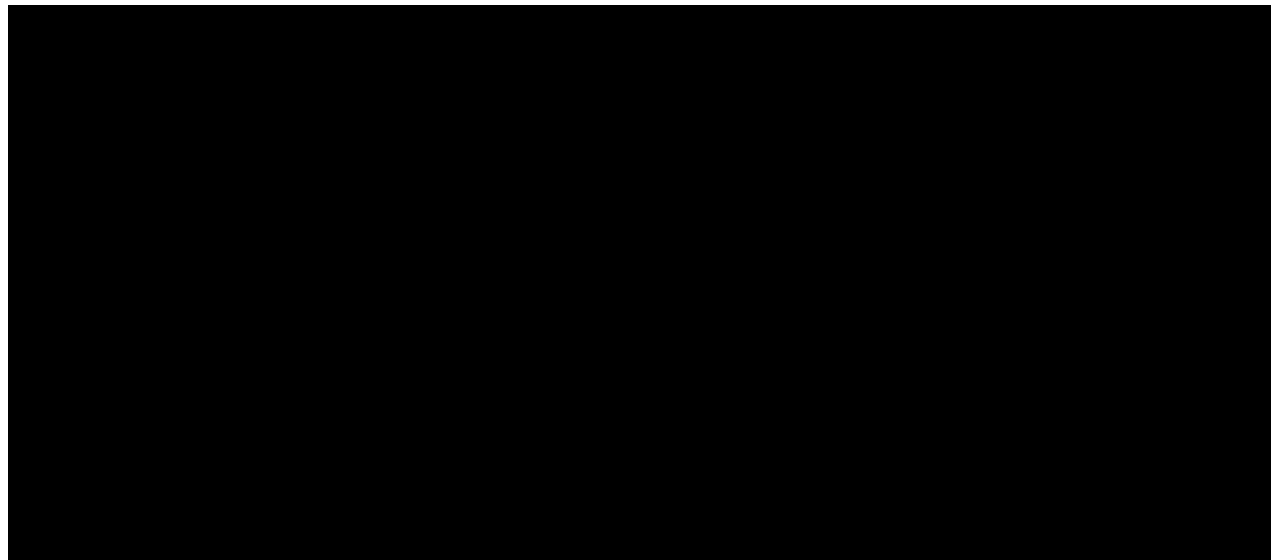
2021 Power Supply Cost	Baseline Forecast	Current Forecast	Net Savings (Costs)
Market Energy	\$ 35,560,603	\$ 31,777,551	\$ 3,783,052
CAISO Variable Fees	\$ 141,690	\$ 141,690	\$ -
REC Costs	\$ (1,072,185)	\$ 831,919	\$ (1,904,104)
Resource Adequacy Cost	\$ 9,584,707	\$ 13,629,571	\$ (4,044,863)
CAISO GMC Cost	\$ 355,511	\$ 355,511	\$ -
Market Services Charge	\$ 75,627	\$ 75,627	\$ -
System Operations Charge	\$ 267,884	\$ 267,884	\$ -
SCID Fee	\$ 12,000	\$ 12,000	\$ -
Carbon Free Premium	\$ 1,351,843	\$ 1,493,722	\$ (141,879)
2021 Total Power Cost	\$ 45,922,170	\$ 48,229,965	\$ (2,307,795)

RESOURCE ADEQUACY



Table 5 below shows the current month ahead compliance view of VCE's RA portfolio.

Table 5. VCE Month Ahead RA Compliance



[Redacted]

[Redacted]

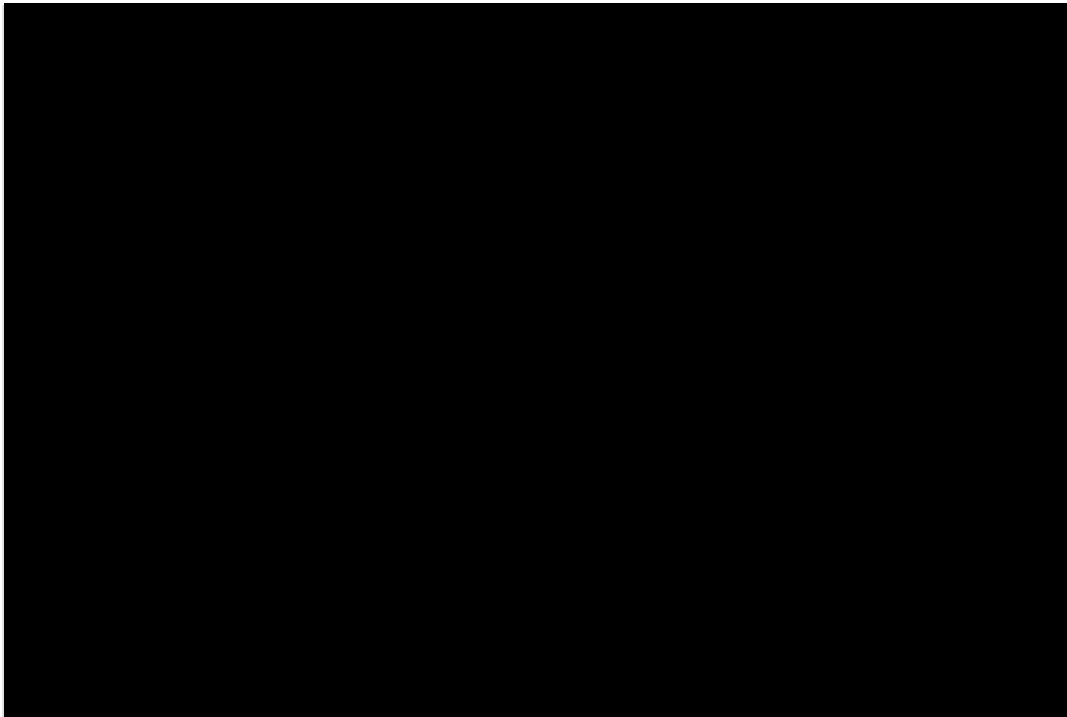
CREDIT/EXPOSURE

Figure 3 shows the current credit/exposure to various VCE counter parties.

[Redacted]

Figure 3. Current Credit/Exposures

Credit Exposures

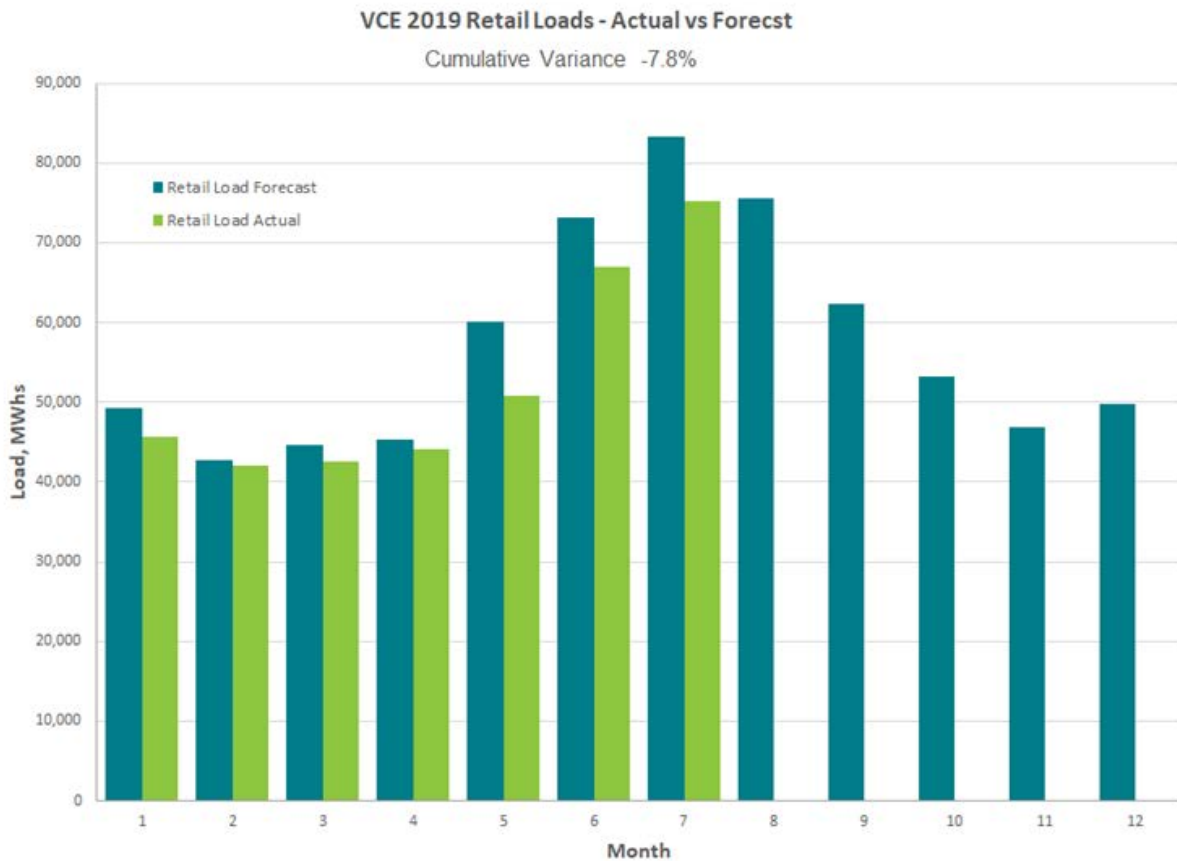


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FORECAST VS ACTUAL LOADS

Figure 4 shows VCE’s forecast retail loads for 2019, compared with actual loads to date. At the time of publication, we have loads reported through July. Retail loads are coming in 7.8% below the forecast. Wholesale loads are similar, running 8.1% below forecast. The lower-than-forecast loads for January through March have been factored into VCE’s net position (Table 1). It appears that the load forecast is biased to the highside, which will be evaluated when VCE’s load forecast is updated in Q1 next year.


Figure 4. 2019 Retail Loads – Forecast vs. Actual



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PASSED AND ADOPTED by the City Council this 6th day of June, 2017, by the following vote:

AYES: Council Members Davies, Fernandez, Rodriguez, Stallard and Mayor Barajas
NOES: None
ABSENT: None
ABSTAIN: None



Angel Barajas, Mayor

ATTEST:



Ana B. Gonzalez, City Clerk

APPROVED AS TO FORM:



Kara K. Ueda, City Attorney