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VCE Board of Directors Meeting – November 14, 2024

Item 11 - Electric Vehicle Rebate Pilot Program, Phase 2



Public Comments

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Item 11 – Electric Vehicle Rebate Pilot Program, Phase 2

Requested Action: Approve Phase 2 VCE's EV Rebates Pilot Program

Background & Context:

Nat'l, Statewide push toward transportation electrification

- Five Million Zero Emission Vehicles on the road in CA by 2030 (E.O. B-48-18)
- All new cars and passenger trucks sold in CA must be Zero Emission Vehicles by 2035 (E.O. N-79-20)
- In 2023, Californians bought almost 450,000 new zero-emission vehicles (ZEVs), a 30% increase from 2022. ZEVs made up 25% of new vehicle sales in 2023, up from 20% in 2022.

The total number of cars registered in CA is **31.3M** vehicles , with **1,256,646** being all-electric as of Dec 2023

Community Advisory Committee gave a recommendation for Board approval of EV Rebate Pilot Phase 2 at its 10.24.24 meeting

Item 11 – Electric Vehicle Rebate Pilot Program, Phase 2

Proposed Program Design:

3 components:

1. Incentives for vehicle purchase
 - a. Staff is investigating feasibility of providing point-of-sale rebates
2. Incentives for at-home charging systems
 - a. Bonus for VGI-capable charging equipment
3. Incentives for panel upgrades

Proposed Incentive	Proposed Amount	Proposed Budget
EV Rebates	\$2,000 (low-income); \$1,000 (standard)	\$120,000
VGI Bonus with HFP Participation	\$500	
In-home residential charging	\$500	\$40,000
In-home panel upgrades	\$500	
Multi-family housing charging	\$3,000 each, up to \$21,000/property	\$100,000
Program Admin	---	\$20,000
Program contingency	---	\$20,000
Total	---	\$300,000

Item 11 – Electric Vehicle Rebate Pilot Program, Phase 2

Program Equity: Ensuring that income-qualified customers have equitable access to rebates

Staff plans to ensure equity by ensuring that:

1. Income-qualified applications are given priority processing
 1. Income-qualified applicants fill out a VCE rebate interest form, VCE would consider these rebate funds reserved for 6 months
2. Allocate 25% of rebate funds in Phase 1 for income-qualified applicants. 6 months after program launch, the funds would be released for standard applications



Item 11 – Electric Vehicle Rebate Pilot Program, Phase 2



Next Steps:

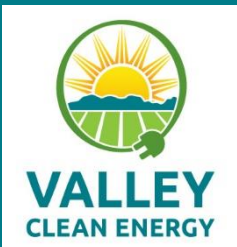
- Communicate with customers on EV Rebate Waitlist
- Develop full list of eligibility criteria with Terms and Conditions
- Finalize pilot administration processes, potentially contract with 3rd parties for support
- Proposed Timeline: Launch Q1 2025 – program funding is exhausted



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VCE Board of Directors Meeting – November 14, 2024

Item 12 - Hourly Flex Pricing Pilot Programs



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Item 12 - Hourly Flex Pricing Pilot Programs

Requested Action: Approve participation in Hourly Flex Pricing (HFP) Pilots

Background & Context:

VCE's Successful implementation of Agricultural Flexible Irrigation Technology (AgFIT) Pilot led to California Public Utilities Commission Decision on Expanded Pilots Jan '24

4 Pilots under HFP Umbrella:

1. **Hourly Flex Pricing** (a.k.a. Expanded Agricultural Flexible Irrigation Technology, or AgFIT, Pilots)
 - a. Agricultural ("Expanded Pilot #1")
 - b. Residential and Non-Residential ("Expanded Pilot #2")
2. **Vehicle-to-Everything** (V2X) Pilots (a.k.a. VGI)
 - a. Residential
 - b. Non-Residential

Community Advisory Committee gave a recommendation for Board approval for all HFP pilots at its 10.24.24 meeting

Item 12 - Hourly Flex Pricing Pilot Programs

HFP Goals:

- Reduce congestion on the grid (infrastructure costs), greenhouse gas (GHG) emissions
- Improve reliability, integration of renewables
- Facilitate greater integration, fair compensation of distributed energy resources (DERs)



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Cross-Program Compatibility:

Possibility to leverage other program incentives

- Suite of programs, bringing customers more value
- Integrate into existing and future program design
 - E.g. REACT

Item 12 - Hourly Flex Pricing Pilot Programs

Design for Pilots:

- Day-ahead, hourly prices
 - Customers may access on PG&E's website
 - For residential pilot, Automation Service Providers play a big role
- Shadow billed
 - Low/no risk for customers
- PG&E administering all pilots except for HFP/Expanded Pilot #1 (VCE administers)
- Little/no flexibility in design/implementation



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Item 12 - Hourly Flex Pricing Pilot Programs

HFP Customer Price Interface

Hourly Flex Pricing

Oct 22nd, 2024 – 9:32 AM PDT

Download prices

10-21-2024 – 10-22-2024

Download CSV

Choose your provider

Valley Clean Energy

Choose your rate plan

AGA1

Representative Circuit ID

013921103

<https://www.pge.com/en/account/rate-plans/find-your-best-rate-plan/current-hourly-flex-pricing.html>



Item 12 - Hourly Flex Pricing Pilot Programs

Pilot Rate Name	Eligibility	Incentives	Pilot Duration
HFP #1, aka Expanded AgFIT Pilot #1	Ag <35 kW Low Use (AG-A1) Ag <35 kW High Use (AG-A2) Ag 35+ kW Medium Use (AG-B) Ag 35+ kW High Use (AG-C)	\$160/kW (~\$120/HP) of enrolled customer controllable load	November/December 2024 through December 31, 2027
HFP #2, aka Expanded AgFIT Pilot #2	Electric Home (E-ELEC) rate plan Home Charging (EV2-A) Business Low Use Alternative (B6) Business Medium Use (B10) Business Medium-High Use (B19) Business High Use (B20)	\$100,000 per year and an enrollment incentive of \$20/kW-year of controllable load payable to the ASP for load that the ASP has enrolled.	
VGI - Res	E-ELEC or EV2A	Incentives Per Charger Upfront + Kicker for DAC Customers: \$2,500 + \$500. Performance (up to) \$2,175	Until funds are exhausted or December 31, 2027
VGI - Non-Res	Small Business – B6 Medium Business – B10 Large – B19 or B20 Business Electric Vehicle – BEV-1 or BEV-2	EVSE <50 kW \$2,500 + \$500. Performance (up to) \$3,625 EVSE >=50 kW \$4,500 + \$500 \$5,000	

Item 12 - Hourly Flex Pricing Pilot Programs

Next Steps:

- Finalize program design and agreement with PG&E; VCE webpages for pilots
- Clarify cross-program eligibility
- Continue discussions with other agencies
- Upon approval, begin to enroll customers



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VCE Board of Directors Meeting – November 14, 2024



Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

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Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

Overview

VCE's short-term (2025) outlook indicates increased volatility in power market prices, Resource adequacy, and Renewable Energy Credits (RECs) driving increased costs with significantly favorable Power Charge Indifference Adjustment (PCIA). VCE's longer-term outlook (2026-2028) indicates healthy margins/reserves.

This presentation will provide:

- Updated overview of Key factors Influencing 2025 Budget & Customer Rates
- Introduce VCE's Reserve and Dividend Policy – draft revisions
- 2025 Budget & Rate Scenarios
 - Scenario 1: Continuation of current rate 2% rate discounts to PG&E generation rate; ~\$3.5M net revenue reduction;
 - Scenario 2: Increase to a 5% rate discount to PG&E generation rate; ~\$6.5M net revenue reduction
 - Scenario 3: Increase to a 10% rate discount to PG&E generation rate ; ~\$11.5M net revenue reduction
- Discussion and Feedback

Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

Key Factors - Preliminary draft Budget

- PG&E Bundled rates (PCIA & Generation): 2% decrease – Results in approximately \$2M reduced gross revenue for 2025
- Resource Adequacy (RA). The CPUC slice-of-day RA model driving Rising RA cost increases has outpaced PPA savings for 2025.
- 2025 Programs Expenditures – VCE has been able to make significant contributions in support of customer programs. VCE anticipates spending \$1M in designated program funds in 2025 from non-reimbursable programs and \$2M including reimbursable programs (i.e. grants).
- 2025 Power Charge Indifference Adjustment (PCIA) (Revenue reducing): **significant increase** due to under-collection in 2024 and lower power cost forwards for 2025.

Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

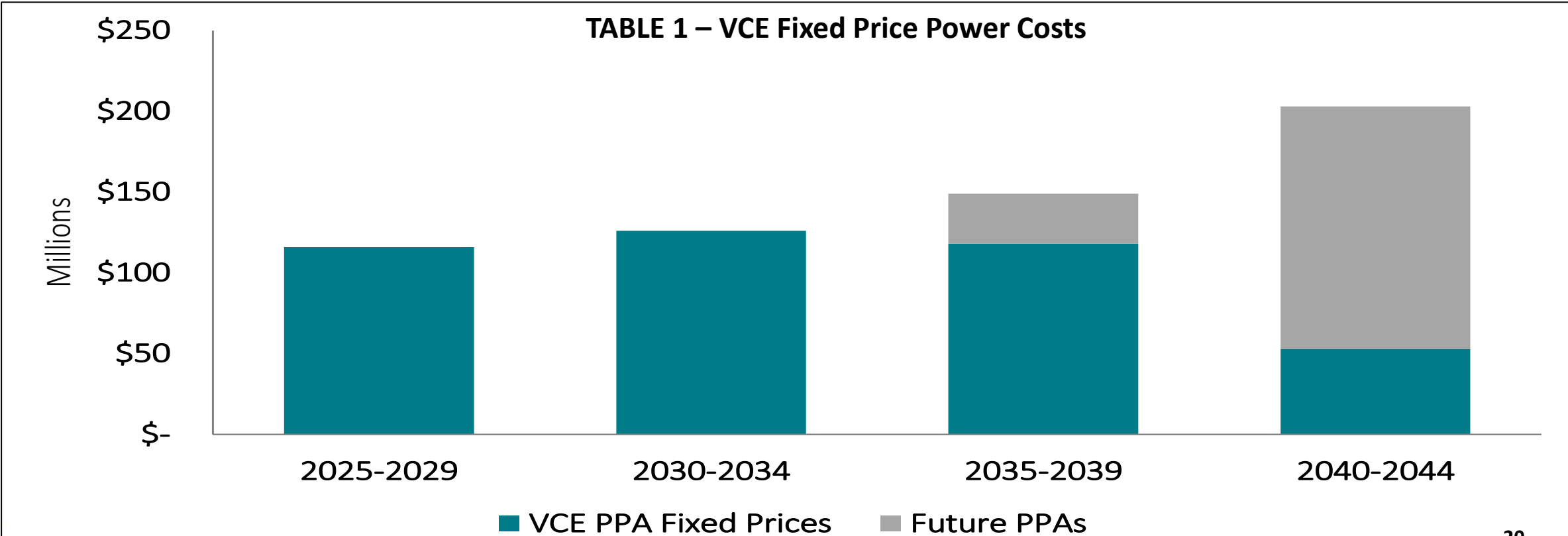
Updated Key Factors – Draft Budget and Customer Rates

- Updated 2025 Power Charge Indifference Adjustment (PCIA) (Revenue reducing): **Significant decrease to near zero** due to market price benchmarks for RA and RECs. ~\$23M increase in gross revenues to VCE. (Outside of VCE's direct influence)
- Rate Discounts/Revenue Investment - Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.
- VCE's Long-term Fixed Costs - VCE, along with all other California CCAs, will face increased PPA prices in the longer horizon based on current PPA market price forwards.
- VCE's Reserve and Dividend Policy Revisions - Both policies require routine updates to reach VCE's strategic goal of financial strength including reaching (and maintaining) VCE's initial investment-grade credit rating.

Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

VCE’s Long-term Fixed Costs

VCE’s fixed price renewable contracts have rate/cost stabilization effects while significantly increasing VCE's renewable portfolio content. VCE will face increased PPA prices in the longer horizon based on current PPA market price forwards as displayed in Table 1. These higher costs for new PPA’s are driven in large part by delays in interconnecting to the transmission and distribution grid.



Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

VCE's Reserve and Dividend Policy Revisions

VCE's Reserve and Dividend Policy Revisions - Both policies require routine updates to reach VCE's strategic goal of financial strength including reaching (and maintaining) VCE's initial investment-grade credit rating. Staff will be bringing a final recommendation to the Board at the December meeting based on final analysis and budget recommendations.

The proposed draft policy modifications include:

1. An increased Operational Financial Reserve minimum from 30 days to 120 days
2. An Increased Operational Financial Reserve Target of 180 from 90 days (this increase aligns with current minimums typically seen for CCA qualification for investment grade credit ratings)
3. Addition of a Rate Stabilization Reserve minimum target of 60 days
4. Increased the minimum net margin allocation of 75% from 50% towards financials reserves of net margin above > 5%
5. Administrative updates and references to VCE cost recovery rate policy and rate adjustment policy.
6. Definitions of uses for Operational Financial Reserves and Rate Stabilization Reserves.

Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

Rate Discounts/Revenue Investment

Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.

- Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.
- Every 1% discount results in approximately \$1.50/month reduction in the average residential customer bill and approximately \$3.75/month reduction in the average small commercial customer bill
- Every 1% discount would be approximately \$1M in reduced net income available for cash reserves, rate stabilization, programs, and procurement of additional clean energy resources. Net Income allocations for reserves and programs are normally evaluated in May as part of VCE’s audited financial results.
- If selected, rate discounts are best implemented during PG&E rate changes (e.g. January), to minimize billing efforts, risk of errors, and customer messaging.

2025 Draft Budget & Rate Scenarios

- Scenario 1: Continuation of current rate 2% rate discounts to PG&E generation rate; approximately \$3.5M net revenue reduction in 2025;
- Scenario 2: Increase to a 5% rate discount to PG&E generation rate; approximately \$6.5M net revenue reduction in 2025;
- Scenario 3: Increase to a 10% rate discount to PG&E generation rate; approximately \$11.5M net revenue reduction in 2025;

Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

Table 5 – Budget Scenario Comparison

			Actual YTD August 31 (8 MO) + Forecast (4 MO)	Budget Scenarios	Preliminary Forecast*		
Scenario 1	2022	2023	2024	2025	2026	2027	2028
Customer Revenue	85,323	95,430	103,478	109,930	95,810	99,350	100,140
Power Cost	75,130	68,528	80,490	63,970	75,090	72,080	68,800
Other Expenses	4,469	6,030	6,250	7,200	7,200	7,920	8,712
Net Income	5,724	20,872	16,738	38,760	13,520	19,350	22,628
Scenario 2	2022	2023	2024	2025	2026	2027	2028
Revenue	85,323	95,430	103,478	104,430	91,020	94,380	95,130
Power Cost	75,130	68,528	80,490	63,970	75,090	72,080	68,800
Other Expenses	4,469	6,030	6,250	7,200	7,200	7,920	8,712
Net Income	5,724	20,872	16,738	33,260	8,730	14,380	17,618
Scenario 3	2022	2023	2024	2025	2026	2027	2028
Revenue	85,323	95,430	103,478	98,940	86,230	89,420	90,130
Power Cost	75,130	68,528	80,490	63,970	75,090	72,080	68,800
Other Expenses	4,469	6,030	6,250	7,200	7,200	7,920	8,712
Net Income	5,724	20,872	16,738	27,770	3,940	9,420	12,618



Item 13 – Draft 2025 Operating Budget & Customer Rates – Update

Conclusion

The draft 2025 operating budget scenarios meet VCE's current and anticipated fiscal policy updates while providing funds for rate relief and/or other customer focused investments (e.g. programs, additional clean energy procurement). Based on the Board's feedback and direction, staff will return with an updated Operating Budget/customer rates recommendation for 2025 in December.

Discussion