



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, December 12, 2019 at 5:30 p.m.
City of Davis Community Chambers
23 Russell Boulevard, Davis, CA 95616**

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)

Associate Members: Wade Cowan (City of Winters), Jesse Loren (City of Winters), Christopher Cabaldon (City of West Sacramento), Beverly Sandeen (City of West Sacramento)

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.

CLOSED SESSION

- 4. 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

5. **Approval of November 14, 2019 Board Meeting Minutes.**
6. **Receive 2019 and draft 2020 Long Range Calendars.**
7. **Receive Financial Update – October 31, 2019 (unaudited) financial statement.**
8. **Receive December 5, 2019 Regulatory Update provided by Keyes & Fox.**
9. **Receive November-December 2019 Customer Enrollment Update and Monthly Call Center Report as of December 1, 2019.**
10. **Receive Community Advisory Committee’s November 12, 2019 Special Meeting Summary.**

REGULAR AGENDA

11. **City of Winters Membership in Valley Clean Energy Alliance. Adopt resolutions:**
 - A) **Approving the City of Winters Membership in the Valley Clean Energy Alliance Joint Powers Agency effective December 12, 2019; and**
 - B) **Amending Valley Clean Energy’s Community Choice Aggregation Implementation Plan and Statement of Intent for the City of Winters enrollment.**
12. **Approval of the Valley Clean Energy Short Term Energy Procurement Plan.**
13. **Update on Valley Clean Energy Integrated Resource Plan Process. (Informational)**
14. **Update on 2020 Power Charge Indifference Adjustment (PCIA) and Energy Resource Recovery Account (ERRA). (Informational)**
15. **Consider Draft Guiding Principles related to the potential acquisition of PG&E’s local electricity distribution system.**
16. **Receive a 2019 year-end review presentation. (Informational)**
17. **Election of VCE Board Chair and Vice Chair (Effective January 2020).**
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, January 9, 2020 at 5:30 p.m. at the City of Woodland Council Chambers, 2nd Floor, 300 1st Street, Woodland, CA 95695.

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/about-us/meetings/>

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Valley Clean Energy Alliance Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from November 14, 2019 Board Meeting
DATE: December 12, 2019

RECOMMENDATION

Receive, review and approve the attached Minutes from the November 14, 2019 Board meeting.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 14, 2019**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their special 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 95695. Chairperson Tom Stallard established that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present: Tom Stallard, Gary Sandy, Lucas Frerichs, Don Saylor, Dan Carson, Angel Barajas

Members Absent:

Approval of Agenda Director Frerichs made a motion to approve the November 14, 2019 Agenda, seconded by Director Saylor. Interim Mitch Sears informed Chairperson Stallard that Item 13 - River City Bank Credit Agreement should be tabled to the next meeting scheduled in December. Motion amended to table Item 13. Amended motion passed unanimously.

Public Comment Chairperson Stallard opened the floor for public comment. No public comment.

Acceptance of associate Mr. Sears introduced this item.

membership for Those present from the Cities of Winters and West Sacramento were:

- Wade Cowan (Mayor, Winters)
- Jesse Loren (Winters)
- Christopher Cabaldon (Mayor, West Sacramento)

Sacramento and welcome to Associate Board Members for Winters and West Sacramento / Motion made by Director Frerichs to adopt a resolution titled “ 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”, seconded by Director Barajas.

Resolution 2019-015 Motion passed as Resolution 2019-015 by the following vote:
 AYES: Stallard, Sandy, Frerichs, Carson, Saylor, Barajas
 NOES: None
 ABSENT: None
 ABSTAIN: None

On behalf of the Board, Chairperson Stallard welcomed both cities to Valley Clean Energy.

CLOSED SESSION: Conference with The Board adjourned their meeting to go into Closed Session at 5:35 p.m. The Board returned to their regular Agenda at 6:34 p.m. Chairperson Stallard reported



Legal Counsel –
Anticipated
Litigation
Approval of
Consent Agenda

that the Board had no reportable action out of closed session. Chairperson Stallard then moved on to the Consent Agenda.

Director Carson requested that Item #11 Customer Enrollment update be pulled to discuss the increase in opt outs from VCE. A discussion occurred and the Board requested that Staff look into the effect of possible legacy NEM customers opting out. The Board requested that Staff pursue those customers who opted out to return to VCE.

Director Carson made a motion to approve the Consent Agenda, Items 6 through 12, seconded by Director Saylor. Motion passed unanimously. The following consent items were approved/received:

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

Approve
Resolution
amending and
restating River
City Bank Credit
Agreement

This item was tabled until the December 2019 regular meeting.

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)
Receive Third
Quarter 2019
Procurement

Mr. Sears introduced this item and turned it over to VCE Staff Gary Lawson. Mr. Lawson reviewed the background on the Implementation Plan and Statement of Intent (IP-SOI), draft amendment to the IP-SOI to include the City of Winters enrollment in 2021, enrollment details, customer additions and load addition, and SB 255 requiring CCAs to include supplier diversity statements.

Public comment: Yvonne Hunter, VCE Community Advisory Committee member, informed those present that SB 255 is not an urgency bill, therefore not applicable until January 1, 2020. VCE legal counsel, Harriet Steiner, stated she will confirm that it is not applicable to VCE at this time.

Mr. Lawson provided an update on Quarter 3 of 2019 procurements, including power costs for 2019, 2020 and 2021 and retail loads actual versus forecast.



- Update (Informational) Public comment: Christine Shewmaker, VCE Community Advisory Committee member, asked that of those customers being brought in from the City of Winters how many are NEM? Mr. Lawson will have to check, but around 50 a month on their true up.
- Update on Integrated Resource Plan Process (Informational) Mr. Sears informed those present that in the Board's packet is an updated Integrated Resource Plan process calendar.
- Status update and potential next steps on the potential acquisition of PG&E's local electricity distribution system (Informational) Mr. Sears provided a brief update on PSPS events and the momentum of CCAs possibly joining a publicly owned cooperative group to acquire PG&E's electricity distribution system. Mr. Sears informed those present that VCE submitted an offer, which was rejected by PG&E. VCE is preparing a response. VCE is looking at the others who submitted an offer.
- Board Member and Staff Announcements Director Carson informed those present that he attended the CalCCA conference in Redondo Beach, held on November 6-7 at VCE's expense. Chair Stallard and Director Frerichs also attended at VCE's expense.
- Adjournment Chairperson Stallard adjourned the meeting at 7:04 p.m. to the next meeting scheduled for Thursday, December 12, 2019 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Boulevard, Davis, California.

Alisa M. Lembke
VCEA Board Secretary

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

Staff Report - Item 6

TO: VCEA Board

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee Long-Range Calendars 2019 and DRAFT 2020

DATE: December 12, 2019

Recommendation

Please find attached the Board and Community Advisory Committee long-range calendars for 2019 and 2020 (draft).

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"> Election of Officers for 2020 	<ul style="list-style-type: none"> Nominations
WORKSHOP Integrated Resource Plan December 9, 2019	WOODLAND Council Chambers, 300 1 st St.	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 River City Bank Revolving Line of Credit Election of Chair and Vice Chair for 2020 	<ul style="list-style-type: none"> Action 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"> Review and Discuss Task Groups 	<ul style="list-style-type: none"> 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

DRAFT2020 Meeting Dates and *Proposed Topics* – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
January 9, 2020	Board WOODLAND	•	•
January 23, 2020	Advisory Committee WOODLAND	•	•
February 13, 2020	Board DAVIS	•	•
February 27, 2020	Advisory Committee DAVIS (Location subject to change due to IRP Public Workshop)	<ul style="list-style-type: none"> • Task Groups – Present Tasks/Projects • Update on Regulatory Assistance Project • Review Draft Integrated Resource Plan (IRP) / Public Workshop, CAC to provide recommendation 	<ul style="list-style-type: none"> • Informational • Informational • Informational/Action
March 12, 2020	Board WOODLAND	<ul style="list-style-type: none"> • Preliminary FY20/21 Operating Budget (Regular) • Review Draft Integrated Resource Plan and CAC Recommendation • River City Bank Revolving Line of Credit • Appoint City of Winters seats to CAC 	<ul style="list-style-type: none"> • Review • Informational / Action • Action • Action
March 26, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Long Term Load Forecast – Biannual 2020 Integrated Energy Planning Report 	<ul style="list-style-type: none"> • Information
April 9, 2020	Board DAVIS	<ul style="list-style-type: none"> • Long Term Load Forecast – Biannual 2020 Integrated Energy Planning Report 	<ul style="list-style-type: none"> • Information

		<ul style="list-style-type: none"> Adoption of Integrated Resource Plan (due May 1, 2020) 	<ul style="list-style-type: none"> Action
April 23, 2020	Advisory Committee DAVIS	<ul style="list-style-type: none"> 	
May 14, 2020	Board WOODLAND	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
May 28, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Information related to 2021 Integrated Resource Plan Update 	<ul style="list-style-type: none"> Information
June 11, 2020	Board DAVIS	<ul style="list-style-type: none"> Final Approval of FY20/21 Operating Budget 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
June 25, 2020	Advisory Committee DAVIS	<ul style="list-style-type: none"> Information related to 2021 Integrated Resource Plan Update 	<ul style="list-style-type: none"> Discussion
July 9, 2020	Board WOODLAND	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
July 23, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Information related to 2021 Integrated Resource Plan Update 	<ul style="list-style-type: none"> Discussion
August 13, 2020	Board DAVIS		
August 27, 2020	Advisory Committee DAVIS	<ul style="list-style-type: none"> Revised Procurement Guide – Review 	<ul style="list-style-type: none"> Discussion
September 10, 2020	Board WOODLAND	<ul style="list-style-type: none"> Residential Time of Use Rate Classes Report Discussion on River City Bank Revolving Line of Credit 	<ul style="list-style-type: none"> Information/Discussion Discussion
September 24, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Committee Evaluation of Calendar Year End (Draft Report) Revised Procurement Guide – Review Draft Recommendation 	<ul style="list-style-type: none"> Discussion Discussion
October 8, 2020	Board DAVIS	<ul style="list-style-type: none"> Approval of FY19/20 Audited Financial Statements (James Marta & Co.) 	<ul style="list-style-type: none"> Action

		<ul style="list-style-type: none"> River City Bank Revolving Line of Credit 	<ul style="list-style-type: none"> Discussion/Action
October 22, 2020	Advisory Committee DAVIS	<ul style="list-style-type: none"> Committee Evaluation of Calendar Year End (Draft Report) Revised Procurement Guide- Review Draft Recommendation 	<ul style="list-style-type: none"> Discussion Discussion
November 12, 2020	Board WOODLAND	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
November 26, 2020 Thanksgiving Holiday – need to reschedule	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Committee Evaluation of Calendar Year End (Draft Report) Revised Procurement Guide – Finalize Recommendation to Board 	<ul style="list-style-type: none"> Discussion Action: Recommendation to Board
December 10, 2020	Board DAVIS	<ul style="list-style-type: none"> Election of Officers for 2020 	<ul style="list-style-type: none"> Nominations
December 24, 2019 Need to reschedule	Advisory Committee DAVIS	<ul style="list-style-type: none"> Election of Officers for 2020 Finalization of Committee Calendar Year End Report 	<ul style="list-style-type: none"> Nominations Approve Report
January 14, 2021	Board WOODLAND	<ul style="list-style-type: none"> Receive CAC Calendar Year End Report Approve Revised Procurement Guide 	<ul style="list-style-type: none"> Receive Report Action
January 28, 2021	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Review and Discuss Task Groups 	<ul style="list-style-type: none"> Discuss/Action

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

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 – October 31, 2019 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2019

DATE: December 12, 2019

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of October 1, 2019 to October 31, 2019 (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 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 October 31, 2019.

Financial Statements for the period October 1, 2019 – October 31, 2019

In the Statement of Net Position, VCEA as of October 31, 2019 has a total of \$10,625,692 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account and \$898,763 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of October 31, 2019 \$363,500 and \$832,200 respectively for a grand total of \$1,195,700. 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 of \$1,976,610 was converted to a term loan and has been reflected as such on the balance sheet, including a current portion of \$362,378 and a long-term portion of \$1,614,232 as of October 31, 2019. At October 31, 2019, VCE's net position is \$13,392,415.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded \$5,695,122 of revenue (net of allowance for doubtful accounts) of which \$6,010,705 was billed in October and (\$238,405) represent estimated unbilled revenue. The cost of the electricity for the October revenue totaled \$2,833,359. For October, VCEA's gross margin is approximately 50.25% and operating income totaled \$2,420,252. The year-to-date change in net position was \$6,063,582.

In the Statement of Cash Flows, VCEA cash flows from operations was \$4,796,382 due to October cash receipts of revenues exceeding the monthly operating expenses. This cash inflow was primarily a catch-up for September under-collections resulting from a significant rebill effort.

Actual vs. Budget Variances for the year to date ending October 31, 2019

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

Salaries & Wages/Benefits - (\$85,661) and (42%) – variance is due to having more budgeted filled positions at VCE than we actually have on staff.

SMUD Operating Services - (\$113,872) and (86%) – variance is mainly due to SMUD not having billed for the IRP update and NEM roll-in analysis included in the budget.

PG&E Acquisition Consulting - (\$86,267) and (100%) - variance is due to PG&E asset acquisition expenses not having been applicable at the time the budget was constructed.

Contingency - (\$81,197) and (100%) - variance is due to VCE not having required usage of contingency funds to date; this is offset by \$86,267 of PG&E acquisition-related expenses.

Attachments:

- 1) Financial Statements (Unaudited) October 1, 2019 to October 31, 2019 (with comparative year to date information.)
- 2) Actual vs. Budget for year to date ending October 31, 2019



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2019

PREPARED ON DECEMBER 5, 2019

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
OCTOBER 31, 2019
(UNAUDITED)

	OCTOBER 31, 2019
ASSETS	
Cash and cash equivalents	\$ 10,625,692
Accounts receivable, net of allowance	5,731,993
Accrued revenue	2,830,079
Prepaid expenses	21,493
Inventory - Renewable Energy Credits	153,686
Other current assets and deposits	2,540
Total current assets	19,365,483
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	898,763
Total restricted assets	1,998,763
Noncurrent assets:	
Other noncurrent assets and deposits	100,000
Total noncurrent assets	100,000
TOTAL ASSETS	\$ 21,464,246
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 829,380
Accrued payroll	3,693
Interest payable	7,752
Due to member agencies	363,500
Accrued cost of electricity	3,268,815
Other accrued liabilities	1,080,292
Security deposits - energy supplies	515,640
User taxes and energy surcharges	26,149
Current Portion of LT Debt	362,378
Line of credit	-
Total current liabilities	6,457,599
Noncurrent liabilities	
Term Loan- RCB	1,614,232
Loans from member agencies	-
Total noncurrent liabilities	1,614,232
TOTAL LIABILITIES	\$ 8,071,831
NET POSITION	
Restricted	
Local Programs Reserve	\$ 133,924
Unrestricted	13,258,491
TOTAL NET POSITION	\$ 13,392,415

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF OCTOBER 1, 2019 TO OCTOBER 31, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING OCTOBER 31, 2019	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 5,695,122	\$ 24,794,568
TOTAL OPERATING REVENUES	<u>5,695,122</u>	<u>24,794,568</u>
OPERATING EXPENSES		
Cost of electricity	2,833,359	17,175,334
Contract services	312,486	1,066,919
Staff compensation	94,620	337,355
General, administration, and other	34,405	131,442
TOTAL OPERATING EXPENSES	<u>3,274,870</u>	<u>18,711,050</u>
TOTAL OPERATING INCOME (LOSS)	2,420,252	6,083,518
NONOPERATING REVENUES (EXPENSES)		
Interest income	7,061	24,455
Interest and related expenses	(6,087)	(44,391)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>974</u>	<u>(19,936)</u>
CHANGE IN NET POSITION		
Net position at beginning of period	10,971,189	7,328,833
Net position at end of period	<u>\$ 13,392,415</u>	<u>\$ 13,392,415</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2019
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING OCTOBER 31, 2019</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 9,129,307	\$ 25,492,183
Receipts for security deposits with energy suppliers	-	515,640
Payments to purchase electricity	(3,839,903)	(19,063,693)
Payments for contract services, general, and administration	(398,600)	(1,027,769)
Payments for staff compensation	(94,422)	(337,451)
Net cash provided (used) by operating activities	4,796,382	5,578,910
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loans from member agencies	(1,500,000)	(1,500,000)
Interest and related expenses	(122,198)	(148,951)
Net cash provided (used) by non-capital financing activities	(1,622,198)	(1,648,951)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	7,061	24,455
Net cash provided (used) by investing activities	7,061	24,455
 NET CHANGE IN CASH AND CASH EQUIVALENTS	3,181,245	3,954,414
Cash and cash equivalents at beginning of period	9,443,210	8,670,041
Cash and cash equivalents at end of period	\$ 12,624,455	\$ 12,624,455
 Cash and cash equivalents included in:		
Cash and cash equivalents	\$ 10,625,692	\$ 10,625,692
Restricted assets	1,998,763	1,998,763
Cash and cash equivalents at end of period	\$ 12,624,455	\$ 12,624,455

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2019
(WITH COMPARATIVE PRIOR PERIOD INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING OCTOBER 31, 2019</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,420,252	\$ 6,083,518
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in net accounts receivable	3,242,498.00	(736,720.00)
(Increase) decrease in accrued revenue	238,936	1,465,634.00
(Increase) decrease in prepaid expenses	(17,743)	(21,493.00)
(Increase) decrease in inventory - renewable energy credits	76,865	53,482.00
Increase (decrease) in accounts payable	26,415	243,260.00
Increase (decrease) in accrued payroll	198	(96.00)
Increase (decrease) in due to member agencies	(13,930)	(46,809.00)
Increase (decrease) in accrued cost of electricity	(1,083,409)	(1,941,841.00)
Increase (decrease) in other accrued liabilities	(46,451)	(4,366.00)
Increase (decrease) security deposits with energy suppliers	-	515,640
Increase (decrease) in user taxes and energy surcharges	(47,249)	(31,299)
Net cash provided (used) by operating activities	<u>\$ 4,796,382</u>	<u>\$ 5,578,910</u>

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: December 12, 2019

Please find attached Keyes & Fox's November 2019 Regulatory Memorandum dated December 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 December 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: December 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:

- **PG&E’s 2020 ERRA Forecast:** PG&E filed its November Update to its 2020 ERRA Forecast revenue requirements, forecasted end-of-year balancing account balances, and electric sales forecast. The ALJ issued an E-Mail Ruling extending the deadline for filing comments on PG&E’s November Update to December 6. The November Update, if adopted without revision, would result in VCE’s customers paying substantially higher uncapped PCIA rates in 2020.
- **New: PG&E’s Interest Rate Hedging Authorization:** PG&E filed an Application requesting authorization to enter into interest rate hedges. Parties filed Protests of the Application, to which PG&E filed a reply.
- **New: PG&E’s Phase 2 GRC:** PG&E filed its 2020 Phase 2 General Rate Case (GRC), which addresses marginal cost, revenue allocation and rate design issues covering the next three years.
- **New: RA Rulemaking (2021-2022):** The CPUC issued an Order Instituting Rulemaking establishing this proceeding to consider its continued oversight and refinement of the RA program and to establish forward RA procurement obligations for LSEs beginning with the 2021 compliance year. Parties filed comments on the OIR.
- **Resource Adequacy Rulemaking:** CAISO and Powerex separately filed Requests for Rehearing of D.19-10-021 on RA import rules, which follows a similar request from CalCCA last month. The ALJs issued a Proposed Decision to establish a schedule for determining the RA qualifying capacity of hybrid resources (i.e., storage paired renewables).
- **RPS Rulemaking:** The ALJ issued a Proposed Decision on retail sellers’ 2019 RPS Procurement Plans, which would determine that VCE must correct deficiencies with its Plan to achieve compliance.

- **Investigation of PG&E Bankruptcy Plan:** PG&E filed a Notice that it had submitted with the bankruptcy court its amended Joint Chapter 11 Plan of Reorganization. The Assigned Commissioner issued a Scoping Memo and Ruling. Pursuant to that Ruling, parties filed opening briefs on the issue of the applicability of Pub. Util. Code Section 854 (asset transfers and mergers).
- **PCIA Rulemaking:** Parties filed informal comments on the final workshop held in Working Group 2 (Prepayment). Working Group 3 (Portfolio Optimization and Allocation and Auction) scheduled its fourth Workshop.
- **IRP Rulemaking:** The ALJ issued a Ruling on a proposed 2020 Reference System Portfolio (RSP) and related policy actions. The CPUC issued D.19-11-016 requiring the procurement of capacity to ensure system reliability during the 2021-2023 period including 12.6 MW of additional System RA procurement by VCE by 2023. The ALJ issued an E-Mail Ruling extending the comments deadlines on the proposed 2020 RSP. The CPUC issued the list of baseline resource assumptions that will be used to determine incremental System RA procurement requirements.
- **Investigation into PG&E Violations Related to Wildfires:** PG&E and the CPUC's Safety and Enforcement Division ("SED") have reached a tentative settlement, which, according to media reports result in a \$1.7 billion penalty on PG&E for its failure to maintain equipment that caused 2017 wildfires, as well as \$50 million in corrective measures. SED filed a motion to include the Camp Fire within the scope of this proceeding.
- **Utility Wildfire Mitigation Plans Rulemaking:** Parties filed comments and reply comments on Phase 2 workshops. Protect Our Communities Foundation filed a Motion for Evidentiary Hearings.
- **PG&E's Phase 1 GRC:** The CPUC issued D.19-11-014 that sets the Test Year 2020 GRC revenue requirement to be effective January 1, 2020, given that the final decision will occur after that date. The ALJ issued an E-Mail Ruling suspending the schedule for filing opening and reply briefs in response to a request by PG&E, Public Advocates Office, and TURN stating that the parties have reached agreement on a settlement term sheet. A settlement conference was held on December 3, 2019.
- **Wildfire Fund Non-Bypassable Charge (AB 1054):** Intervenor Ruth Hendricks filed an Application for Rehearing of D.19-10-056, which approved the imposition of a non-bypassable charge to fund the Wildfire Fund.
- **PG&E's 2018 ERRA Compliance:** No updates this month. (On September 30, 2019, PG&E, Public Advocates Office, and the Joint CCAs filed a joint motion requesting approval of a settlement agreement.)
- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month. (An August 7, 2019, PG&E Application for Rehearing remains pending regarding D.19-06-027, 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.)
- **Investigation into PG&E's Organization, Culture and Governance:** No updates this month.
- **2018 Rate Design Window:** No updates this month.
- **Other Regulatory Developments:**
 - **CAISO Hybrid Resources Initiative Revised Straw Proposal:** On November 21, CAISO issued a [Market Notice](#) scheduling a stakeholder meeting on a Revised Straw Proposal in its Hybrid Resources initiative for December 17.
 - **Integrated Energy Policy Report (IEPR) Issued:** On November 8, the CEC issued the [Draft 2019 IEPR](#).

PG&E's 2020 ERRA Forecast

On November 8, 2019, PG&E filed its November Update to its 2020 ERRA Forecast revenue requirements, forecasted end-of-year balancing account balances, and electric sales forecast. On November 15, 2019, the ALJ issued an E-Mail Ruling extending the deadline for filing comments on PG&E's November Update.

- **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.

The Joint CCAs filed opening and reply briefs requested 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.
- **Details:** PG&E's November Update showed a substantial increase in several of its forecasted costs compared to its July Supplement, resulting in a large increase to the PCIA rates for 2020. The key driving factor of the increase is a \$611 million undercollection to "true up" 2019 forecasted costs and revenues with actual 2019 costs and revenues. Other aspects include the following:
 - Decreasing the 2020 ERRA revenue requirement from \$3.184 billion to \$3.014 billion.
 - Increasing the PCIA from \$2.996 billion to \$3.256 billion.
 - Increasing the Competition Transition Charge (CTC) from \$81.5 million to \$112 million.
 - Increasing the Cost Allocation Mechanism from \$147.8 million to \$205 million.
 - Increasing the Tree Mortality Non-Bypassable Charge from \$92.6 million to \$102 million.
 - Decreasing the utility-owned generation revenue requirement forecast from \$2.368 billion to \$2.345 billion.

Of note, PG&E expects CCA and DA providers to serve more than 54% of PG&E's system retail sales in 2020. PG&E is proposing to increase the uncapped 2020 PCIA rates for residential customers from \$0.02709/kWh to \$0.04497/kWh for 2017 vintage customers and from \$0.02979/kWh to \$0.04515/kWh for 2018 vintage customers. A cap limiting the increase to \$0.005/kWh would apply to each of these rates, subject to a potential trigger mechanism that

would increase the rates beyond the cap. The PCIA rate for 2020 vintage residential customers, which is not capped because there is no cap for bundled customers (which make up the 2020 vintage), would be \$0.04634/kWh.

- **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 PCIA revenue requirement for unbundled customers is \$1,686,759,205, nearly double the final revenue requirement for unbundled customers from last year.
- **Next Steps:** The deadline for comments on PG&E's November Update is December 6, 2019. A proposed decision will then be issued (date TBD), followed by the typical 20-day and 5-day deadline for comments and reply comments, respectively, with a final decision anticipated for Q1 2020.
- **Additional Information:** [E-Mail Ruling](#) extending comments deadline on November Update. [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](#).

New: PG&E's Interest Rate Hedging Authorization

On November 4, 2019, PG&E filed an Application requesting authorization to enter into interest rate hedges. Parties filed Protests of the Application on November 19, 2019, to which PG&E filed a reply on November 26, 2019.

- **Background:** At the time of its filing, PG&E contemplated the issuance of \$27.35 billion in long-term debt to finance its Plan of Reorganization and its subsequent emergence from Chapter 11.
- **Details:** PG&E states that it may wish to enter into transactions to hedge interest rate risk given the magnitude and timing of the potential debt transactions associated with its financing to exit bankruptcy. Accordingly, PG&E requests a decision from the CPUC that (1) establishes a Commission financing team; (2) authorizes PG&E, in collaboration with the Commission financing team, to consider and potentially undertake interest rate hedging transactions related to PG&E's exit financing; (3) determines that transactions approved by the Commission financing team and their associated costs are reasonable; and (4) establishes a Bankruptcy Financing Memorandum Account to track costs associated with PG&E's exit financing, including any hedging costs.
- **Analysis:** This proceeding could affect the terms and conditions by which PG&E exits bankruptcy, including the costs on ratepayers associated with PG&E's bankruptcy. The costs of any hedges would become part of PG&E's embedded cost of debt, and therefore applied to all of PG&E's assets through its cost of capital and authorized rate of return. However, PG&E is not requesting that the Commission approve specific ratemaking for recovery of hedging or other costs in this proceeding. TURN protested the Application on the grounds that it failed to demonstrate that the proposed hedging transactions will benefit ratepayers under current circumstances, lacks transparency, and is inconsistent with the "neutral, on average" requirement of AB 1054. The Ad Hoc Committee of Unsecured Noteholders expressed concern that PG&E's Application could tip the scale toward PG&E's plan of Bankruptcy in the Bankruptcy Court. PG&E responded that the inevitable exit financing debt issuance under either plan exposes PG&E and its customers to interest rate risk, and the Protests fail to present a viable alternative to addressing the issue.
- **Next Steps:** PG&E states that it could potentially execute hedges as early as January or February 2020, and therefore requests a Commission decision on this Application by January 2020.
- **Additional Information:** [Ruling](#) shortening the time for responses/protests (November 7, 2019); [PG&E Application](#) (November 4, 2019); Docket No. [A.19-11-002](#).

New: PG&E's Phase 2 GRC

On November 22, 2019, PG&E filed its 2020 Phase 2 General Rate Case (GRC), which addresses marginal cost, revenue allocation and rate design issues covering the next three years.

- **Background:** PG&E's pending Phase 1 GRC, filed in December 2018 and described in more detail below, will set the revenue requirement that will carry through to the rates ultimately adopted in this proceeding.
- **Details:** In this proceeding, PG&E seeks modifications to its rates for distribution, generation, and its public purpose program (PPP) non-bypassable charge. PG&E proposes to implement a plan to move all customer classes to their full cost of service over a six-year period (the first three years of which are covered by this GRC Phase 2) via incremental annual steps. PG&E proposes to use marginal costs for purposes of revenue allocation and to adjust distribution one-sixth of the way to full cost of service each year over a six-year transition period.

Of note, PG&E is proposing changes to the DA/CCA event-based fees that were not updated in the 2017 Phase 2 GRC proceeding, as reflected in the table below. In addition, PG&E proposes to remove the PCIA revenue from bundled generation revenue and allocate that cost separately to bundled customers, collecting the PCIA from bundled customers on a non-time differentiated, per-kWh basis (i.e., the same way it is collected from DA/CCA customers). PG&E will continue to display the PCIA with other generation charges on customer bills, but will unbundle the PCIA as part of unbundled charges in each rate schedule.

- **Analysis:** This proceeding will impact the distribution and PPP charges paid by VCE customers to PG&E, as well as the generation charges paid by bundled PG&E customers, which could impact the competitiveness of VCE's supply rates. If PG&E's proposed CCA fee revisions are adopted, it will increase the cost VCE pays to PG&E for various services.
- **Next Steps:** Protests are due December 26, 2019, although PG&E has proposed extending this deadline to January 11, 2019. PG&E's proposed schedule anticipates a final CPUC Decision in this proceeding in August 2021, with rates not effective until November 2021.
- **Additional Information:** [Application](#), [Exhibit \(PG&E-1\): Overview and Policy](#), [Exhibit \(PG&E-2\): Cost of Service](#), [Exhibit \(PG&E-3\): Revenue Allocation, Rate Design and Rate Programs](#), and [Exhibit \(PG&E-4\): Appendices](#) (November 22, 2019); Docket No. [A.19-11-019](#).

PG&E's Current and Proposed CCA Fees
ELECTRIC SCHEDULE E-CCA

<u>Service Description</u>	<u>Tariff Reference</u>	<u>Fee Type</u>	<u>Current Fee</u>	<u>Proposed "At Cost" Labor Per Hour^(a)</u>	<u>Effective Cost Example^(a)</u>
CCA Service Establishment	Sheet 1: 1	Per Hour	\$119.58 to \$149.48	\$109.50 to \$154.03	N/A
Customer List Development	Sheet 2: 2c	Per Data Extract	\$2,596	\$109.50	\$438
Mass Enrollment	Sheet 2: 3	Per Event	\$4,475	\$154.03	\$3,081
<u>MDMA Services</u>					
Reposting Monthly Meter Data	Sheet 5: 6c	Per Meter Read	\$20.84	\$137.94	(b)
Reposting of Account Usage (12-month history)	Sheet 5: 6d	Per Hour	\$104.25	\$137.94	N/A
Account Assistance	Sheet 5: 6e	Per Hour	\$104.25	\$133.63	N/A
<u>Other Billing Services</u>					
CCA Rate Schedule Value Usage Programming for Consolidated Billing	Sheet 6: 6b Sheet 7: 9a	Per Event Per Hour	N/A \$97.84	\$153.03 \$154.03	N/A N/A
Account Assistance	Sheet 7: 9d	Per Hour	\$69.30	\$112.20 to \$137.94	N/A
<u>CCA Termination of Service</u>					
Voluntary Termination	Sheet 8: 10a	Per Event	\$4,475	\$154.03	\$6,161
Standard Phase-in Services	Sheet 8: 11	Per Phase-in	\$4,475	\$154.03	\$5,391

New: RA Rulemaking (2021-2022)

On November 13, 2019, the CPUC issued an Order Instituting Rulemaking (OIR) establishing this proceeding to consider its continued oversight and refinement of the RA program and to establish forward RA procurement obligations for LSEs beginning with the 2021 compliance year. On December 3, interested stakeholders filed comments on the OIR.

- **Background:** See the RA Rulemaking (2019-2020) proceeding below for additional background information on current RA issues.
- **Details:** The preliminary scope of this proceeding will include Local and Flexible RA requirements beginning in 2021, structural program changes, and program refinements. Specifically, it will determine local RA requirements for the 2021-2023 compliance years, including the CAISO's local capacity study, local area aggregation, local RA waivers or adjustments, and the reliability criteria targeted through procurement obligations. It will also establish Flexible RA requirements for the 2021 and 2022 compliance years.

The OIR transfers the record of the current RA proceeding (R.17-09-020) and notes that various issues remaining in that docket may be brought into the new proceeding. R.17-09-020 is expected to close after the issuance of a decision addressing the implementation details of central procurement structure, but central procurement issues may be moved into this new proceeding if necessary.

- **Analysis:** Among the many issues to be addressed in this new RA OIR, regulatory developments that may impact VCE's capacity procurement obligations include:
 - whether RA should address hourly capacity requirements in light of the increasing penetration of use-limited resources

- modifications to maximum cumulative capacity buckets and whether the RA program should *cap* use-limited and preferred resources
 - whether the Commission should cap imports
 - whether to expand multi-year local forward RA to system and/or flexible resources
 - penalties and waivers
 - counting conventions for hydro, hybrid resources, DR resources
 - marginal ELCC counting conventions for solar, wind and hybrid resources
- **Next Steps:** OIR reply comments are due December 10, 2019. A prehearing conference is set for December 16, 2019, and the OIR anticipates a scoping memo in January 2020, party proposals and workshops in February 2020, and comments thereafter. A Proposed Decision is expected in May 2020, followed by a Decision in June 2020.
 - **Additional Information:** [Order Instituting Rulemaking](#) (November 13, 2019); Docket No. [R.19-11-009](#).

RA Rulemaking (2019-2020)

On November 18, 2019, CAISO and Powerex separately filed Applications for Rehearing of D.19-10-021 (issued October 17) on RA import rules. On December 3, parties filed Responses to these Applications. On November 26, 2019, the ALJs issued a Proposed Decision (PD) addressing a September 2019 Motion from a group of solar and storage parties to establish a schedule for determining the RA qualifying capacity (QC) of hybrid resources (i.e., storage paired renewables) for both in front of the meter (IFOM) and behind the meter (BTM) configurations.

- **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:** With respect to the November 26 PD, the CPUC previously declined to adopt a combined QC value for hybrid resources in [D.19-06-026](#), which adopted local RA capacity obligations for the 2020-2022 RA years, flexible capacity obligations for the 2020 RA year, and several other RA program refinements (Track 3 of the proceeding). The PD first defines a hybrid resource as follows: "[A] generating resource co-located with a storage project, having a single point of interconnection and represented by a single market resource ID." The PD would adopt an interim valuation for IFOM resources that have operational restrictions (e.g., a charging

restriction), defining QC as the greater of the ELCC-based QC of the intermittent resource, or the QC of the co-located storage device. The PD would find that it would be premature to adopt a QC methodology for BTM resources because these resources currently receive credit as DR and can continue to do so, and creating a QC methodology would require significant revisions to the RA program. For hybrid resources without operational restrictions, it finds that it is unnecessary to develop a QC methodology because each resource can obtain an individual CAISO resource ID and receive individual QC values. The CPUC will work to refine the method(s) for counting hybrid resources in the recently initiated successor RA proceeding (R.1911009).

D.19-10-021 made a series of determinations relating to unspecified RA imports (i.e., not tied to a specific unit). Applications for Rehearing filed by CAISO and Powerex in November were similar to CalCCA's Application for Rehearing in October. Both of the new Rehearing Requests, as well as CalCCA's, contend that D.19-10-021 actually establishes new rules governing RA for imports rather than just "affirming" the existing rules (as the Decision states), allege that the Commission made these changes without a proper factual basis, and ignored the proper procedures for adopting the changes. CAISO specifically argues that the Decision's requirement that non-resource specific imports self-schedule conflicts with prior decisions containing no such requirement and fails to establish a basis for differentiating between resource-specific imports and non-resource-specific imports. Powerex makes similar arguments while additionally discussing the need to eliminate "paper" RA. Doing so it argues though, requires additional evaluation of potential market impacts and different approaches.

- 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. The PD would adopt an interim QC valuation for IFOM hybrid resources that have operational restrictions (e.g., a charging restriction).
- Next Steps:** Comments on the PD are due December 20, 2019, replies are due January 2, 2020, and the PD may be adopted, at earliest, at the CPUC's January 16, 2020 meeting. A final decision regarding the central buyer was anticipated for Q4 2019, but the Commission can no longer meet that timeline.
- Additional Information:** [Powerex Application for Rehearing](#) of D.19-10-021 (November 18, 2019); [CAISO Application for Rehearing](#) of D.19-10-021 (November 18, 2019); [Proposed Decision](#) on Hybrid Resources (November 26, 2019); [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); [CalCCA Application for Rehearing](#) of D.19-10-021 (October 24, 2019); [D.19-10-021](#) affirming RA import rules (October 17, 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](#).

RPS Rulemaking

On November 19, 2019, the ALJ issued a Proposed Decision on retail sellers' 2019 RPS Procurement Plans, which would determine that VCE must correct deficiencies with its Plan to achieve compliance.

- **Background:** This proceeding addresses ongoing RPS issues. VCE filed its 2019 RPS Procurement Plan on June 21, 2019, and its 2018 RPS Compliance Report on August 1, 2019.
- **Details:** The PD, if adopted, would require VCE to file an updated 2019 RPS Procurement Plan within 30 days of the effective date of the decision (once approved and issued by the Commission) to address the shortfalls identified: (1) Least-Cost, Best-Fit (LCBF) information and (2) demonstration of compliance with the long-term contracting requirement or detailing a path to achieving compliance. The PD does not explain why it determined VCE to be one of five CCAs found to be non-compliant on LCBF information, or direct VCE on how it can correct its RPS Procurement Plan to achieve compliance. With respect to VCE's purported shortfall on addressing the long-term contracting requirement, the PD provides conflicting direction applicable to VCE, with the body of the PD indicating no action is necessary until its 2020 RPS Procurement Plan, but the Ordering Paragraph stating that VCE must take corrective action in its updated 2019 RPS Procurement Plan. The PD would also direct the Energy Division to develop a comprehensive and practicable plan to combine IRP and RPS filings.
- **Analysis:** D.19-09-007, D.19-08-007 on RPS enforcement actions for two ESPs, and now the PD on 2019 RPS Procurement Plans reinforce the CPUC's increasing scrutiny of CCAs and their compliance obligations, and the potentially large penalties associated with non-compliance.

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, as well as the PD, 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:** Comments on the PD are due December 9, and VCE plans to file comments. Replies are due December 16, and the PD may be adopted, at earliest, at the CPUC's December 19, 2019, meeting.
- **Additional Information:** [Proposed Decision](#) on 2019 RPS Procurement Plans (November 19, 2019); [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](#).

Investigation of PG&E Bankruptcy Plan

On November 5, 2019, PG&E filed a Notice that it had submitted with the bankruptcy court its amended Joint Chapter 11 Plan of Reorganization. On November 14, 2019, the Assigned Commissioner issued a Scoping Memo and Ruling. Pursuant to that Ruling, parties filed opening briefs on the issue of the applicability of Pub. Util. Code Section 854 (asset transfers and mergers) on November 21, 2019. On November 27, 2019, the ALJ issued a Ruling determining reorganization plans considered in this proceeding are exempt from review under Section 854.

- **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.” 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.

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; and provides for PG&E to participate in the Wildfire Fund.

- Details:** The Scoping Memo and Ruling breaks down the issues into non-financial issues and financial issues, and proposes to address non-financial issues first on the rationale that considerable uncertainty still exists on the total amount of claims that PG&E must satisfy through its reorganization plan. The Scoping Memo and Ruling denies the request of the City and County of San Francisco and the City of San Jose to include municipalization and public ownership issues within the scope of the docket, reasoning that they are addressed in the PG&E Safety OII. The Ruling notes that the applicability of Section 854 issues to the proceeding requires further evaluation at the outset and directed parties to file concurrent briefs in November. Non-financial issues include the following: (1) governance structure and safety (i.e., whether a proposed structure is appropriate based on PG&E's past history of safety failures, and how corporate structure could be designed to enhance safety in the short- and long-term); (2) governance structure and criminal probation (e.g., whether a proposed structure is acceptable in light of PG&E's criminal probation); (3) climate (i.e., whether a plan is consistent with state climate and renewable procurement goals); (4) Section 854 (placeholder for any non-financial relating to transfers of assets and mergers); and (5) other issues, including impacts on local communities. Financial issues to be considered in the later track of this proceeding include ratemaking implications, fines or penalties, governance structure and financial condition, ratepayer neutrality, ratepayer contribution, Section 854 financial issues, and other issues.

The November 27 Ruling determined that the plans of reorganization that will be considered in this proceeding are exempt from review under Section 854. However, the Ruling finds that certain criteria contained in Section 854 would be reasonable to consider in the review of the two reorganization plans, including whether a plan of reorganization will maintain or improve the financial condition, quality of service, and quality of management of the resulting public utility; be fair and reasonable to affected public utility employees; and be beneficial on an overall basis to state and local economies.

- 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. The exclusion of municipalization issues has implications for VCE and its bid to PG&E to purchase the transmission and distribution assets of PG&E as part of PG&E's restructuring. VCE is a party to this proceeding.
- Next Steps:** Testimony and replies on non-financial issues are due December 13, 2019, and January 6, 2020, respectively, followed by a hearing and briefing deadlines in January and February, with a Proposed Decision (PD) on non-financial issues anticipated for no earlier than February 2020 (still TBD). Testimony on financial issues is due March 16, 2020 followed by an evidentiary hearing on financial issues from March 18-20, 2020. A PD on financial issues is targeted for April 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:** [Ruling](#) on Section 854 (November 27, 2019); [Scoping Memo and Ruling](#) (November 14, 2019); [PG&E Amended Plan](#) (November 5, 2019); [PG&E response](#) summarizing restructuring plans (October 11, 2019); [Order Instituting Investigation](#) (October 4, 2019); Docket No. [I.19-09-016](#).

PCIA Rulemaking

On November 14, 2019, parties filed informal comments on the final workshop held in Working Group 2 (Prepayment). Working Group 3 (Portfolio Optimization and Allocation and Auction) scheduled its fourth Workshop. On December 2, 2019, PG&E filed AL 5704-E updating actions related to its Hedging Plan and AL 5705-E specifying a new process in the near-term for selling Carbon Free Energy.

- **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:** AL 5704-E provides information on the current state of PG&E's bundled electric energy portfolio and actions according to its Hedging Plan. AL 5705-E would update PG&E's Bundled Procurement Plan (BPP) to include a new Appendix P (Carbon Free Energy) and makes revisions to Appendix S (Sales Framework). This change would allow PG&E to use a new process to sell Carbon Free Energy as an interim measure for 2019 and 2020 to give the Commission time to provide longer term guidance on the treatment of Carbon Free Energy in PCIA Phase 2.
- **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 (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:** Protests of AL 5704-E are due December 9, 2019 (PG&E requested a shortened response period). Protests of AL 5705-E are due December 23, 2019. Working Group 3 (Portfolio Optimization and Allocation and Auction) scheduled a workshop for December 11, 2019. A separate PD is anticipated to be issued 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:** [AL 5705-E](#) (December 2, 2019); [D.19-10-001](#) (October 17, 2019); [AL 5624-E](#) establishing PCIA Undercollection Balancing Account and Trigger Mechanism (August 30, 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](#).

IRP Rulemaking

On November 6, 2019, the ALJ issued a Ruling on a proposed 2020 Reference System Portfolio (RSP) and related policy actions. On November 13, 2019, the CPUC issued D.19-11-016 requiring the procurement of capacity to ensure system reliability during the 2021-2023 period. On November 19, 2019, the ALJ issued an e-mail Ruling extending the comments deadlines on the proposed 2020 RSP. On December 2, 2019, the CPUC published the list of baseline resources assumptions to be used for purposes of the incremental procurement required in D.19-11-016.

- **Background:** In the CPUC's IRP process, the RSP is essentially a proposed statewide IRP portfolio that sets a statewide benchmark for later IRPs filed by individual LSEs. The CPUC ultimately adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. 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.
- **Details:** D.19-11-016 recommends meeting the potential RA capacity shortage identified through two tranches. Tranche 1 consists of a *recommendation* that the state Water Resources Control Board (Water Board) extend the retirement dates for several existing generation facilities that use once-through cooling (OTC) systems (~3,750 MW of capacity slated to retire December 31, 2020). Tranche 2 consists of a mandatory procurement of 3,300 MW of additional capacity from resources incremental to baseline capacity included in the 2022 PSP. The procurement obligation applies to apply to all LSEs, including VCE. At least 50% of resources must be on-line by August 1, 2021, 75% by August 1, 2022, and 100% by August 1, 2023. VCE's incremental system RA procurement requirements for these respective deadlines are 6.3 MW, 9.4 MW, and 12.6 MW. Contracts for new resources must generally be for at least 10 years but energy efficiency resources are allowed under 5 year contracts. Contracts for existing resources must be for at least 3 years.

The Ruling requests comments on the proposed RSP that would be used for LSE IRP filings due May 1, 2020. Specifically, the Ruling seeks comments on the details of the modeling used to produce the RSP (e.g., assumptions, scenarios, sensitivity analyses) as well as the results of the modeling, various concerns that those results could raise and potential actions, and the process for aggregating individual LSE IRPs to form the basis for the ultimate statewide PSP. Of note, Staff added a 5 GW import constraint into the model for all hours when gross electric demand is higher than the 95th percentile. The incremental resource buildout under the default modeling scenario includes 2,837 MW of wind, 11,774 MW of solar, 11,384 MW of battery storage, and 222 MW of load shed demand response.

- **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. D.19-11-016 requires that VCE procure an additional 12.6 MW of incremental procurement over the baseline, including providing a progress report by February 15, 2020, as well as progress information in its 2020 IRP filing due May 1, 2020. The proceeding is now considering modeling assumptions and outputs that could further impact VCE's 2020 IRP requirements.
- **Next Steps:** A progress report on procurement activities stemming from D.19-11-016 is due February 15, 2020. LSEs must also provide progress information and an attestation in their 2020 IRP filings that are due May 1, 2020, including a list of projects, capacities, online dates, demonstration of incrementality to the baseline, and a description of how they have addressed

pollutants in disadvantaged communities. All LSEs must provide electricity resource contract information on May 1 every year beginning in 2020.

Comments on the CPUC's list of baseline resources are due December 9, 2019. Comments and reply comments on the Ruling are due on December 17, 2019, and January 6, 2020, respectively.

- **Additional Information:** [List of Baseline Resources](#) (December 2, 2019); [E-Mail Ruling](#) extending RSP comments deadlines (November 19, 2019); [D.19-11-016](#) (November 13, 2019); [Ruling](#) requesting comments on RSP (November 6, 2019); [Revised PD](#) (October 21, 2019); [Ruling](#) initiating procurement track (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 November 8, 2019, parties filed testimony. On November 13, 2019, PG&E's request for an extension of time for reply testimony was granted. On November 20, the CPUC's Safety and Enforcement Division (SED) provided notice of its intent to file a report on PG&E's liability associated with the Camp Fire. On November 25, 2019, a settlement conference was held, and the ALJ granted a joint motion filed by PG&E and on November 15, 2019, extending the proceeding schedule, based on PG&E and SED stating that they have reached an agreement in principle to resolve this investigation. On November 26, SED filed a motion to include the Camp Fire within the scope of this proceeding. According to [media reports](#), the settlement would result in a \$1.7 billion penalty on PG&E for its failure to maintain equipment that caused 2017 wildfires, as well as \$50 million in corrective measures.

- **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. 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:** Although details about the agreement in principle between PG&E and SEDs have not been filed in this proceeding, media reports stated that the terms include a \$1.7 billion penalty on PG&E, plus an additional \$50 million in spending on corrective actions. (For context, the CPUC assessed a \$1.6 billion penalty on PG&E for its role in the 2010 San Bruno natural gas pipeline explosion that killed eight people.) Notably, according to media reports, this settlement would not cover possible penalties arising from PG&E's role in 2018 wildfires, including the Camp Fire.
- **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:** PG&E Expert Testimony of Galen Wright is due December 20, 2019, with SED rebuttal testimony due January 10, 2020. Evidentiary hearings are scheduled for January 27-31, 2020. Opening and closing briefs, respectively, are due February 18, 2020, and February 28, 2020.

- **Additional Information:** [Motion](#) by SED to include Camp Fire in scope (November 26, 2019); [Report on Camp Fire](#) (November 26, 2019; *Note: Large File, 259 MB*); [Ruling](#) granting extension of proceeding schedule (November 25, 2019); [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](#).

Utility Wildfire Mitigation Plans Rulemaking

On November 6, 2019, and November 18, 2019, parties filed comments and reply comments, respectively, on Phase 2 workshops. On November 7, 2019, Protect Our Communities Foundation filed a Motion for Evidentiary Hearings.

- **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.

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. 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."

- **Details:** The September workshops and party comments on the workshops addressed Phase 2 issues, including 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; 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.
- **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:** TBD.
- **Additional Information:** [Motion for Evidentiary Hearing](#) by Protect Our Communities Foundation (November 7, 2019); [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 Phase 1 GRC

On November 14, 2019, the CPUC issued D.19-11-014 that sets the Test Year 2020 GRC revenue requirement to be effective January 1, 2020, in the event that the final decision occurs after that date. On November 25, 2019, the ALJ issued an E-Mail Ruling suspending the schedule for filing opening and reply briefs in response to a request by PG&E, Public Advocates Office, and TURN stating that the parties have reached agreement on a settlement term sheet. A settlement conference was held on December 3, 2019.

- 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:** D.19-11-014 directs PG&E to establish a GRC memorandum account to record the difference in revenue requirement that is effective on January 1, 2020, and the final revenue requirement adopted in the GRC decision.

A detailed settlement agreement between PG&E, Public Advocates Office, and TURN was circulated on December 2.

- 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:** PG&E, Public Advocates Office, and TURN are expected to file a settlement agreement in the coming weeks, after which a procedural schedule will be established.
- **Additional Information:** [E-Mail Ruling](#) suspending briefing deadlines (November 25, 2019); [D.19-11-014](#) (November 14, 2019); [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

No updates this month. 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.

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.

- **Details:** N/A.
- **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](#).

Wildfire Cost Recovery Methodology Rulemaking

No updates this month. 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.

- **Background:** On December 21, 2018, 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, 2018); Docket No. [I.15-08-019](#).

Wildfire Fund Non-Bypassable Charge (AB 1054)

On November 25, 2019, Ruth Hendricks filed an Application for Rehearing of D.19-10-056, which approved 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.

D.19-10-056, issued in October 2019, approved 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 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. The Wildfire Fund NBC cannot take effect until the DWR Bond charge sunsets, which may take place as early as the second half of 2020.

- **Details:** The Application for Rehearing challenges the legality of the non-bypassable charge in D.19-10-056 under the Fourteenth and Fifth Amendments of the U.S. Constitution.
- **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. D.19-10-056 kept 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

No updates this month.

- **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.
- **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).

Other Regulatory Developments

- **CAISO Hybrid Resources Initiative Revised Straw Proposal:** On November 21, CAISO issued a [Market Notice](#) scheduling a stakeholder meeting on a Revised Straw Proposal in its Hybrid Resources initiative for December 17 (RSVPs due December 13). Post-meeting comments on the Revised Straw Proposal are due January 14, 2020. The purpose of the Hybrid Resources initiative is to develop solutions to address the unique issues that pairing storage with other resources presents to CAISO operations and developers.
- **Integrated Energy Policy Report (IEPR) Issued:** On November 8, the CEC issued the [Draft 2019 IEPR](#), and on November 20 noticed a workshop on final results for the electricity and natural gas demand forecast. The demand forecast workshop held in early December presented the electricity and demand forecast results and covered specific forecasts of transportation electrification, additional achievable energy efficiency savings, and behind-the-meter distributed generation and storage impacts. Staff also presented an exploratory analysis of potential fuel substitution impacts, though those impacts are not included in the demand forecasts. Post-workshop comments on the demand forecast are due December 16. Recommendations include further exploring options for forecasting load migration from IOUs to CCAs; The CEC will consider adopting the IEPR at its February 2020 meeting.

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
PUBA	PCIA Undercollection Balancing Account
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
TURN	The Utility Reform Network
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

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: December 12, 2019

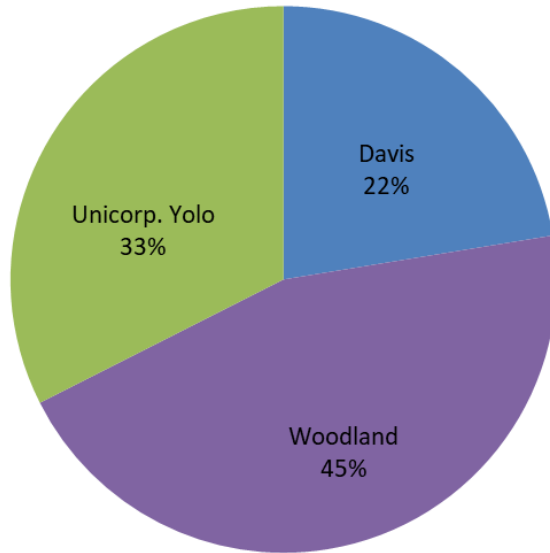
RECOMMENDATION

Receive and review the attached:

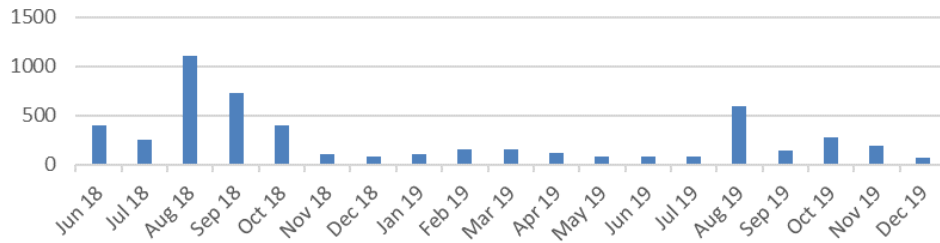
- 1) Customer Enrollment update as of December 5, 2019;
- 2) Opt Ups to UltraGreen update dated November 19, 2019; and,
- 3) Monthly Call Center report as of December 1, 2019.

Enrollment Update

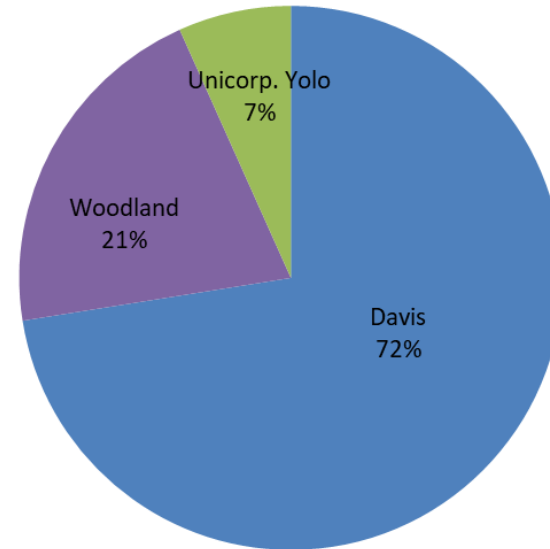
6,243 Opt Outs
9.6% of customers



Monthly Opt Outs



149 Opt Ups



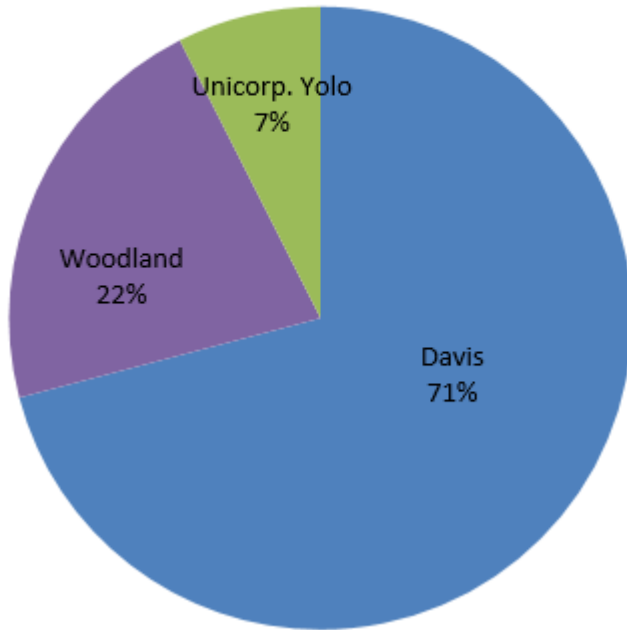
	Eligible	Opt-Out	% Opt Out
Residential	56,500	5,416	9.6%
Non-Residential	8,500	827	9.7%
Total	65,000	6,243	9.6%

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

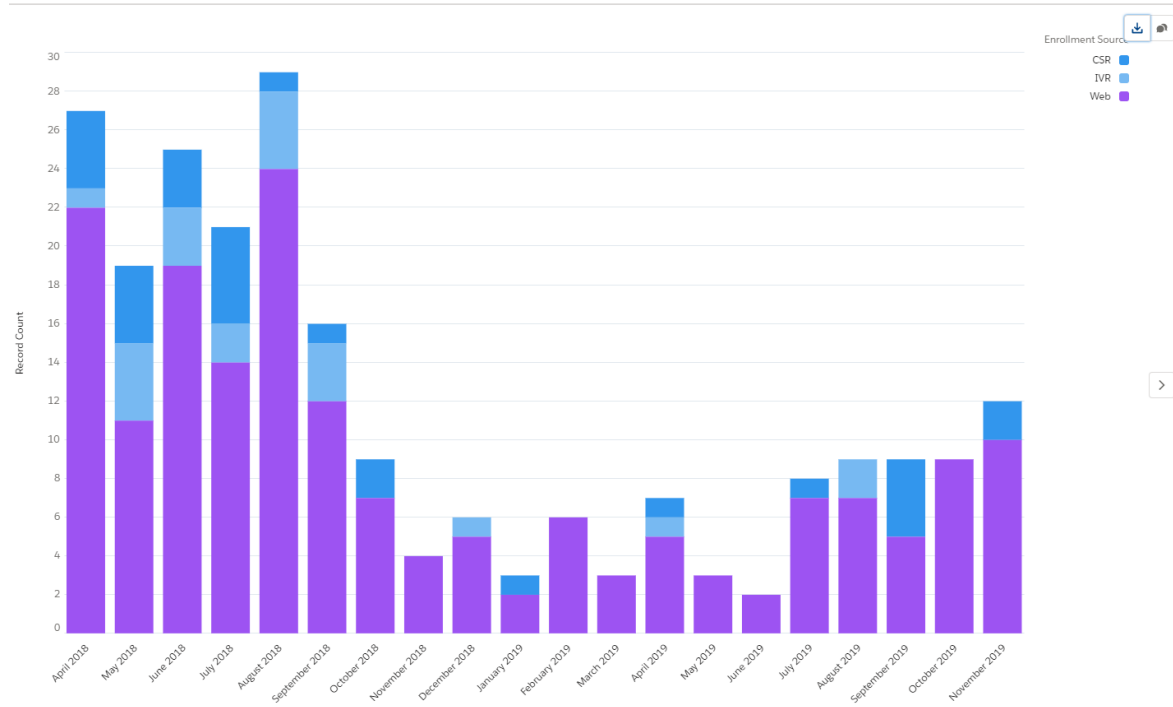


Enrollment Update: Opt Ups

**134
Opt Ups**

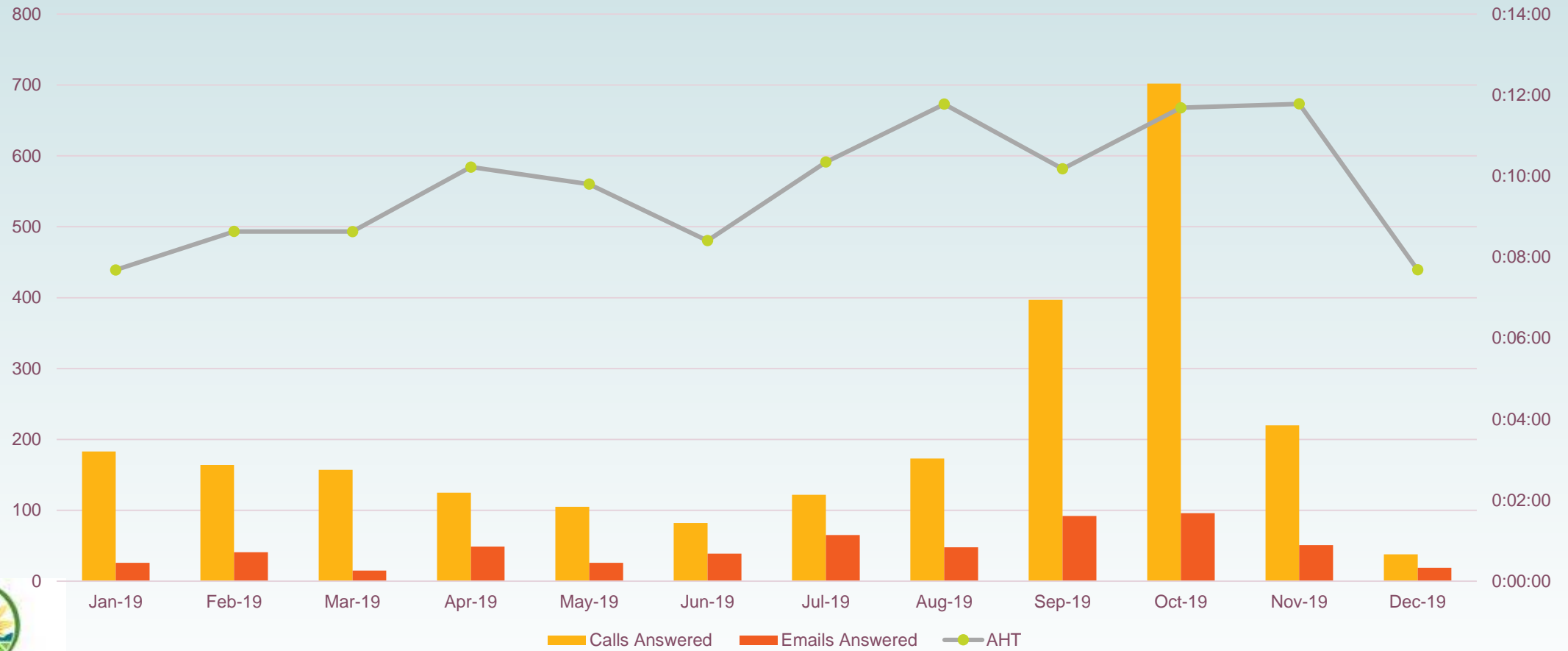


Monthly Opt Up Summary - VCEA



Monthly Call Center Report

Monthly VCE Volume & AHT
(Rolling 12 Months)



VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Transmittal of Community Advisory Committee Report – November 12, 2019 meeting

DATE: December 12, 2019

This report transmits the Community Advisory Committee’s Summary Report regarding its November 12, 2019 meeting.

Attachment

1. November 12, 2019 CAC Summary Report

**Valley Clean Energy Alliance
Community Advisory Committee (CAC) Report to the Board
Summary of November 12th CAC Meeting**

- Planning for 2020 CAC Key Areas of Activity
 - M. Sears provided feedback to the CAC on what CAC activities Staff found helpful during 2019 and what activities Staff would like CAC to provide assistance with during calendar year 2020. In addition to the continuation of help with ongoing issues such as legislative/regulatory and outreach, M. Sears cited assistance with developing a 5 year Strategic Plan to be an area where CAC expertise would be appreciated.

- 2021 Short Term Procurement Planning
 - G. Lawson reviewed slides with information on VCE's power mix and long term renewables percentages. Staff will be presenting the information to the Board at their December meeting along with the following recommendations:
 - i. *Staff Recommendation 1:* For the 2020 Procurement Plan, Staff is proposing to recommend to the Board that staff will not seek any short term renewable procurements for 2021 until such time that staff may determine that anticipated deliveries from long-term project might fall below the current 42% renewable portfolio target. In the event that staff determines that long-term renewable deliveries would not satisfy the 42% target, staff would then procure enough short term PCC1 renewables to ensure that the renewable content of the portfolio at least equal 42%.
 - ii. *Staff Recommendation 2:* Staff proposes to maintain the 33% large hydro procurement target in 2021. This will assure that VCE has at least 75% clean energy in its portfolio in the event that renewable deliveries end up closer to the 42% minimum target level.
 - A discussion amongst the CAC about aiming higher than 42% ensued. C. Shewmaker pointed out that in 2018 PG&E's RPS percentage was 39% and that it is likely to rise.
 - Motion: to adopt Staff's recommendations along with the following statement to the Board from the CAC:
 - i. "For the 2020 and 2021 renewable purchases, 42% is the absolute minimum and we encourage purchases beyond that level where fiscally appropriate. This is to maintain our renewable percentage above our competition and meet our goal of cost competitive clean energy and establish us a leader in the fight against climate change."
Motion passed: 7-0-0.

- IRP (Integrated Resource Plan) Update and Workshop
 - O. Bystrom presented an overview of the IRP timing and process, including changes since the first IRP was submitted in August 2018.
 - VCE will be having a workshop on December 9th on the IRP.

- Update on Development of potential Electrification Program for VCE
 - J. Parks reviewed slides on the background and potential first phase of an Electrification Program for VCE. Initially, the focus would be on electric transportation and would provide web-based assistance and education for electric vehicle purchase.
 - In addition to launching the first phase of the Electrification Program in January 2020, Staff and the Rates and Services task group are working on a 5 year plan for Programs.

- Update on potential acquisition of PG&E local electricity distribution system assets
 - M. Sears provided an update on VCE's offer to acquire PG&E's assets. The offer was submitted to and rejected by PG&E. PG&E stated that the assets are not for sale and VCE's offer was not adequate.
 - Cities of Winters and West Sacramento have joined VCE as Associate Members and are part of the discussion of the potential acquisition.

- Update on the City of Winters joining VCEA as a full member
 - Winters City Council representatives Jessie Loren and Wade Cowan will be seated at the December VCEA board meeting.
 - Winters representatives to the CAC will most likely be appointed in the first quarter of 2020.

- CAC attendance at future CalCCA annual meetings
 - It was suggested that next year, the CAC be informed of the CalCCA meeting several months in advance and that one member of the CAC should attend.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Valley Clean Energy Alliance Board

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

SUBJECT: Approve City of Winters Membership in VCE and approve Addendum 1 of the VCE Implementation Plan and Statement of Intent adding the City of Winters

DATE: December 12, 2019

RECOMMENDATIONS

1. Adopt two resolutions:
 - A. Approving City of Winters membership in VCE Joint Powers Agreement (JPA) effective December 12, 2019 and authorizing the Interim General Manager in consultation with legal counsel to update the Valley Clean Energy Alliance Joint Exercise of Powers Agreement to add the City of Winters; and
 - B. Approving Addendum 1 of the VCE Implementation Plan and Statement of Intent (IPSOI) for filing with the California Public Utilities Commission (CPUC) in order for VCE to enroll PG&E's Winters' customers in 2021.
2. Seat the Winters City Council members as VCE Board Members.

BACKGROUND & DISCUSSION

As a community choice aggregation program, VCE has the ability to add new communities to its program. The City of Winters was invited to join VCE in 2018 and has taken the steps necessary to join the CCA. Key milestones in the membership process include:

- VCE invites the City of Winters to join the CCA program and establishes the conditions for membership (September 2018).
- City of Winters City Council considers invitation and directs City staff to investigate potential membership (September 2018)
- City of Winters City Council holds information session and directs City staff to proceed with membership process (late summer 2019)

- Existing VCE members (Yolo County, City of Woodland, City of Davis), approve City of Winters membership (September 2019)
- City of Winters City Council approves membership documents (September 2019)
- VCE Board votes to accept Winters as a member of VCE (October 2019)
- City of Winters officially joins VCE and seats two City Council members on the VCE Board (Pending - December 2019)
- VCE begins service to Winters customers in early 2021 (pending)

Conditions of Membership

The VCE Board established its new membership policy in September 2018. The following conditions of membership have been applied to and met by the City of Winters as part of the new membership process:

- 1) Direct Costs: New member agencies shall pay for the cost of PG&E load data, load analysis and Implementation Plan amendments that will range between \$25,000 - \$50,000 depending on population and load size and complexity, such that smaller communities (e.g. under 30,000 in population) would pay less and larger communities would pay more, with a not-to-exceed cap of \$50,000. Final cost to be determined by VCEA General Manager in consultation with SMUD and executive staff of the proposed new member agency.
 - a. The City of Winters new member fee was assessed at \$25,000 which was submitted to VCE in the summer of 2019. These funds are intended to off-set new membership costs incurred by VCE.
- 2) Indirect Support: New member agencies are asked to provide staff assistance with local community outreach which could include informational workshops, tabling at community events, and notifications in city bulletins and website. New members are also asked to appoint a community representative(s) to VCEA's Community Advisory Committee and assist with other light administrative tasks as needed through the program integration process.
 - a. The City of Winters has supported VCE's community outreach efforts related to the new membership process. These efforts have included, but are not limited to, identification and communication with key stakeholders, inclusion of new membership information in local publications and social media, support for VCE participation in local community events (e.g. Carnitas Festival), assistance with scheduling at community organizational meetings (e.g. Rotary Club), and feedback on communications materials.
- 3) Reimbursement of Direct Costs: The initial cost as described in number 1 above shall be reimbursed to the new member agency within one year of new customer revenues. If, after completing the initial tasks described above the new member decides *not* to

proceed, the fee will be forfeited. Additional terms and fees associated with program withdrawal as described in Article 6 of the VCEA JPA Agreement shall apply.

- a. Reimbursement pending enrollment of Winters customers in early 2020.

Implementation Plan

As part of the process for enrollment of PG&E customers in the City of Winters the Board will need to adopt the 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 VCE to be able to enroll PG&E's Winters customers in 2021.

SUMMARY

Staff is recommending that the VCE Board:

1. Approve the membership request and authorize the Interim General Manager in consultation with legal counsel to update the exhibits and add a City of Winters signature page to the Valley Clean Energy Alliance Joint Exercise of Powers Agreement via resolution (attached);
2. Approve an amendment to the IPSOI for filing with the CPUC via resolution (attached); and,
3. Seat the following Winters City Council members as VCE Board Members:
 - Wade Cowan, Mayor
 - Jesse Loren, Council Member

Attachment 1 is a draft of Addendum 1 of the VCEA Implementation Plan.

Attachments

1. Addendum 1 of the VCEA Implementation Plan adding the City of Winters
2. Resolution Approving City of Winters membership in VCE Joint Powers Agreement (JPA)
3. Resolution Approving Addendum 1 of the VCE Implementation Plan and Statement of Intent

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

Table of Contents

<i>1</i>	<i>Introduction.....</i>	<i>1</i>
<i>2</i>	<i>Changes to Address VCEA Expansion to the City of Winters.....</i>	<i>2</i>
	<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>
	<i>Appendix C - Valley Clean Energy Alliance Authority Amended Joint Powers Agreement.....</i>	<i>C1</i>
	<i>Appendix D- Winters CCA Adoption Ordinance.....</i>	<i>D1</i>
	<i>Appendix E - VCEA Implementation Plan and Statement of Intent.....</i>	<i>E1</i>

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 no-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 retail 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 customers 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	Total
	2018 (a)	2020 (b)	2021	
Residential	47,213	6,331	2,561	56,105
Small Commercial	4,509	253	247	5,009
Medium Commercial	422	16	33	471
Large Commercial	219	10	13	242
Industrial	4	1	-	5
Agriculture	1,815	169	13	1,997
Street Lighting	625	4	30	659
	54,807	6,784	2,899	64,490

Table 3 below shows the VCEA customer forecast. This is based upon VCEA's 2019 IEPR filing to the California Energy Commission, with adjustments 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	53,544	56,105	56,149	56,507	56,868	57,231	57,597	57,966	58,338	58,713	59,089
Small Commercial	4,762	5,009	5,098	5,157	5,218	5,279	5,341	5,404	5,468	5,531	5,597
Medium Commercial	438	471	474	481	486	491	498	504	509	516	522
Large Commercial	229	242	250	253	256	259	262	265	268	271	274
Industrial	5	5	5	5	5	5	5	5	5	5	5
Agriculture	1,984	1,997	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Street Lighting	629	659	657	663	668	672	677	681	687	692	697
Total	61,591	64,490	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 adjustments 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 255 (10/12/19, Bradford) CCA Supplier Diversity Requirement

On October 2, 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. SB 255 will go into effect January 1, 2020. VCEA will participate, either directly or indirectly through its membership in the California Community Choice Association, in the proceedings in which the Commission develops the requirements for SB255 implementation. 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

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



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

Table of Contents

1	Introduction	1
2	Process and Consequence of Aggregation.....	4
3	Organizational Structure.....	7
4	Startup Plan and Funding.....	11
5	Program Phase-In.....	13
6	Load Forecast and Resource Plan	14
7	Financial Plan	22
8	Ratesetting and Program Terms and Conditions	25
9	Customer Rights and Responsibilities.....	29
10	Procurement Process.....	33
11	Contingency Plan for Program Termination	35
12	Appendices.....	36

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 VECA 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

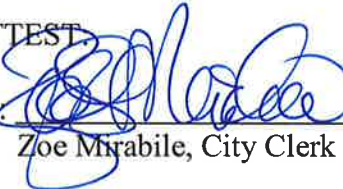
of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of VCEA or Party, as the case may 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:

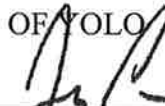
By: 
Zoe Mirabile, City Clerk

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

Page 22 of 23

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.

June 13, 2017

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;

June 13, 2017

- 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

June 13, 2017

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.

June 13, 2017

- 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

June 13, 2017

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

June 13, 2017

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

June 13, 2017

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

June 13, 2017

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

**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	

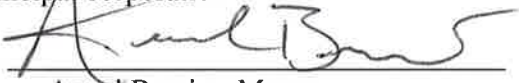
EXHIBIT E
SIGNATURE PAGE(S)

Woodland membership – effective 6/13/2017

Approved by the City of Woodland And VCEA

CITY:

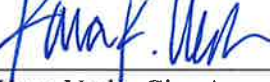
CITY OF WOODLAND, a California
municipal corporation

By: 
Angel Barajas, Mayor

ATTEST:

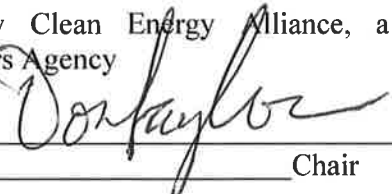
By: 
Ana Gonzalez, City Clerk

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
--------------	-----

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.

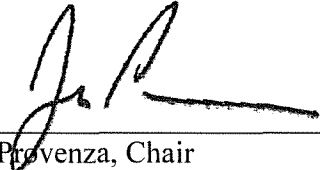
I HEREBY CERTIFY that the foregoing Ordinance was introduced before the Board of Supervisors of the County of Yolo and, at a further public hearing, said Board adopted this Ordinance on the 8th day of November, 2016, by the following vote:

AYES: **Chamberlain, Villegas, Saylor, Rexroad, Provenza.**

NOES: **None.**

ABSENT: **None.**

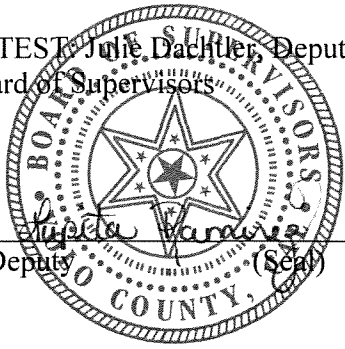
ABSTAIN: **None.**



Jim Provenza, Chair
Yolo County Board of Supervisors

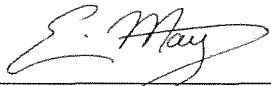
ATTEST: ~~Julie Dachtler~~, Deputy Clerk,
Board of Supervisors

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			
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	
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.


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

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING THE CITY OF WINTERS MEMBERSHIP IN THE VCE JOINT POWERS AGENCY (JPA) AND AUTHORIZING INTERIM GENERAL MANAGER IN CONSULTATION WITH LEGAL COUNSEL TO UPDATE THE EXHIBITS OF THE VCE JOINT EXERCISE OF POWERS AGREEMENT TO PROVIDE FOR THE MEMBERSHIP OF WINTERS AND ITS PARTICIPATION OF WINTERS IN THE COMMUNITY CHOICE ENERGY PROGRAM

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;

WHEREAS, under Section 2.4.2 of the JPA Agreement creating Valley Clean Energy Alliance, the Board of Directors may allow other cities and counties to become members in the VCE JPA and thereby to participate in VCE’s Community Choice Energy program (the “Program”) provided certain conditions are met;

WHEREAS, in September 2019 the VCE Board, Cities of Davis and Woodland, and Yolo County approved the First Amendment to the JPA to create an Associate Member classification and on November 14, 2019 the City of Winters became an Associate Member;

WHEREAS, on October 1, 2019, the City Council of the City of Winters (“Winters”) adopted a resolution requesting that the incorporated municipality become a member of VCE and a participant in the Program;

WHEREAS, on October 10, 2019, the VCE Board accepted Winters request and outlined the terms of membership;

WHEREAS, on October 15, 2019, the Winters City Council a) agreed to all the terms of VCE membership; and, b) approved the execution of any and all documents necessary to enter into the VCE JPA Agreement;

WHEREAS, on November 5, 2019 the City of Winters completed the membership requirements with the passing of an ordinance authorizing its participation in the community choice program as required by Public Utilities Code Section 366.2(c)(12);

WHEREAS, the VCE Board has determined that the participation in VCE’s Program by the City of Winters is in the best interests of VCE, its potential customers, residents and businesses in Yolo County, and the public generally; and

WHEREAS, implementation of the VCE Program will benefit electric customers in the City of Winters, by providing electric power to customers at a competitive cost, to benefit ratepayers and the local economy; reducing local greenhouse gas emissions; carrying out programs to reduce total energy consumption; stimulating and sustaining the local economy, including by developing or promoting local distributed energy resources; and promoting long-term electric rate stability, energy security, reliability, and resilience.

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

1. The City of Winters membership in Valley Clean Energy JPA is hereby approved effective December 12, 2019.
2. The Interim General Manager in consultation with legal counsel shall update the exhibits of the Valley Clean Energy Alliance Joint Exercise of Powers Agreement to add the Winters signature page as Exhibit F and to update the Exhibits to add Winters and Winters electric load and voting shares to the Exhibits, together with any other technical amendments to the Exhibits necessary to effectuate Winters membership in VCE.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
APPROVING ADDENDUM ONE (1) TO THE VALLEY CLEAN ENERGY ALLIANCE
IMPLEMENTATION PLAN AND STATEMENT OF INTENT**

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;

WHEREAS, on October 12, 2017 Valley Clean Energy adopted its Implementation Plan and Statement of Intent as required by Public Utilities Code Section 366.2(c)(3) and on March 5, 2018, the Implementation Plan and Statement of Intent was certified by the California Public Utilities Commission;

WHEREAS, under Section 2.4.2 of the JPA Agreement creating Valley Clean Energy Alliance, the Board of Directors may allow other cities and counties to become members in the VCE JPA and thereby to participate in VCE’s Community Choice Energy program (the “Program”) provided certain conditions are met;

WHEREAS, after the City of Winters completed the membership requirements, the City of Winters became a member to the Valley Clean Energy JPA on December 12, 2019; and,

WHEREAS, an amendment to VCE’s Implementation Plan and Statement of Intent has been prepared to include enrollment of Winters’ customers into VCE’s program starting in January 2021.

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

1. Approve Addendum 1 to the VCE Implementation Plan and Statement of Intent substantially in the form attached; and
2. Direct staff to file Addendum 1 in its final form with the California Public Utilities Commission (CPUC) in order for VCE to enroll PG&E’s Winters’ customers in 2021.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: Addendum 1 to VCE Implementation Plan and Statement of Intent

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12 *Confidential & Proprietary*

TO: Valley Clean Energy Alliance Board

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

SUBJECT: 2020 Procurement Plan, Including Directives and Delegations for 2020 Power Procurement Activities

DATE: December 12, 2019

RECOMMENDATION

Staff recommends the Board adopt a resolution that:

1. Approves the 2020 Procurement Plan contained in this staff report.
2. Approves specific Directives and Delegations to SMUD for procuring all of VCE's power portfolio for calendar year 2021, and portions of the power portfolio for 2022 and 2023, which are in Table 6 below.
3. Approves continuing the targeted portfolio mix of 42% renewable and 33% clean large hydro into 2020.
4. Approves maintaining a minimum 42% renewable target for 2021, the first year in which VCE expects significant deliveries from long-term renewable contracts, and approves continuing a 33% clean large hydro content in 2021.

PURPOSE AND SCOPE

On January 23, 2019, the Board approved VCE's updated Procurement Guide which established the procurement plan for the 2020 power portfolio, along with the delegations to SMUD necessary to execute on that plan. To date, the 2020 forward power procurements are complete.

Based on VCE's power procurement schedule, it is time to procure the balance of the short term power products for the 2021 VCE power portfolio and to procure portions of the 2022 and 2023 portfolio. To that end, staff has updated the Procurement Plan, now contained herein, and developed an updated delegation matrix.

The intent of this Valley Clean Energy ("VCE") Procurement Guide is to provide a roadmap of

Confidential & Proprietary

how the power portfolio for VCE will be procured in the short run. This is not a resource plan, insofar as a resource plan deals with issues such as the long-term resource goals of VCE. Ultimately long-term resource goals will end up in procurement actions. The current goals of getting renewable resources under long-term power purchase agreements are included in the procurement directives/delegation Table 6. This plan covers:

- Principles Guiding Portfolio Development
- Channels for Procurement
- Regulatory Requirements
- Portfolio Composition
- Procurement Approach and Hedging Strategy

PRINCIPLES GUIDING PORTFOLIO DEVELOPMENT

The portfolio developed for VCE will be guided by the following principles. The portfolio will:

- Meet standards defined by the CAISO's Reliability Requirements Business Practice Manual
- Satisfy CPUC Resource Adequacy requirements
- Comply with annual RPS content standards
- Identify the power portfolio product mix of renewables and non-RPS clean energy as directed by VCE policy
- Target the level of hedging as directed by VCE
- Adhere to risk mitigation directives and delegations of VCE's Enterprise Risk Oversight Committee (EROC)
- Adhere to applicable Federal, regional, and local requirements.

CHANNELS FOR PROCUREMENT

SMUD will access power markets and transact on behalf of VCE using the following types of marketing channels:

- Direct Solicitation - SMUD will use its existing relationships to seek suitable bilateral agreements with counterparties directly
- Electronic Exchange Platforms - SMUD will use its access to platforms such as ICE (Intercontinental Exchange) to research markets and transact
- Electronic Auction Platforms - SMUD will use its access to platforms such as EnerNoc to create and enter auctions for desired products

- Brokers - SMUD will use its existing agreements with brokers to help locate trade partners for desired products
- Email solicitations – SMUD will issue solicitations using its email list of power suppliers to obtain bid responses for desired products

Considerations for the channel(s) used include:

- Type of product
- Market liquidity
- Credit quality and availability
- Timing
- Cost/fees
- Existing counterparties and transactions
- Resource and counterparty diversity
- Market conditions

REGULATORY REQUIREMENTS

Resource Adequacy

As a Load Serving Entity (LSE), VCE is subject to the Resource Adequacy (RA) program imposed by the CPUC and adopted by the CAISO. The RA program is designed to ensure sufficient resources to operate the grid reliably. An LSE is required to demonstrate on a multi-year and monthly basis that it has procured enough capacity to support 115% of its peak loads from physical resources not already committed elsewhere. The required amounts are determined by the CPUC based on VCE's forecast load.

Total RA Requirements

The total RA requirement of an LSE is determined based on a CEC adjusted forecast plus a 15% planning reserve margin. LSEs must procure and provide their total RA requirement using Local Capacity and System Capacity. Additionally, some of the RA capacity must have flexible ramping capabilities to meet the need of the CAISO to follow rapid changes in load. These types of RA resources are discussed below.

Local RA Resources

Local RA capacity is provided from generating resources located in areas where there are transmission constraints impacting the ability to serve load. The requirement for Local RA Resources is determined by the CAISO based on an annual study assuming extreme weather (a 1-10 weather year) and critical grid component outages (an N-1-1 contingency) impacting those constrained areas. The responsibility for providing RA from Local Capacity is prorated out to LSEs based upon their load, irrespective of where the load is located. The CPUC recently put in place the requirement that local procurement occur in each of 7 defined zones within PG&E's service area (up from 2 aggregated zones). Additionally the CPUC added multi-year

requirements for local procurement. In this coming year, LSEs must demonstrate they have procured 100% of 2021 and 2022, and 50% of 2023 local RA requirements.

System RA Resources

The balance of the total RA Requirement can be supplied from qualifying generating resources that are not in areas with local capacity constraints. The CPUC recently opened up the ability to secure system resources from both northern California and southern California. Additionally, on 11/7/19, the CPUC issued a decision in its IRP proceeding regarding additional Electric System Reliability Procurement that requires additional system RA procurement. Under the decision, LSEs must procure a system total of 3,300 MW of RA capacity that is “incremental” to the system. VCE’s share of the total statewide obligation is 12.6 MW. At least 50% (6.3 MW for VCE) of the capacity must be on line by August 1, 2021, 75% (9.5 MW for VCE) online by August 1, 2022, and 100% online by August 1, 2023.

Flexible RA Requirements

Flexible RA Requirements are based on an annual CAISO study that assesses at the largest three hour ramp for each month needed to run the system reliably. Flexible capacity can be provided from either Local or System RA resources.

Renewable Portfolio Standards

The portfolio must meet the minimum RPS requirements set by the CPUC. The percentage of the portfolio that must be supplied by RPS-eligible sources each year is detailed below. Compliance will be determined by the Renewable Energy Certificates (RECs) retired within the multi-year compliance periods. With the enactment of SB 100, the minimum RPS requirements for years 2021 – 2030 have changed with the mandated 2030 renewable target rising from 50% to 60%. Table 1 below shows the new minimum requirements.

Table 1. Annual RPS Minimum Requirements

Compliance Period	Year	RPS Percentage
3	2018	29.0%
	2019	31.0%
	2020	33.0%
4	2021	35.8%
	2022	38.5%
	2023	41.3%
	2024	44.0%
5	2025	46.7%
	2026	49.3%
	2027	52.0%
6	2028	54.7%
	2029	57.3%
	2030	60.0%

The CEC certifies the RPS-eligibility of renewable resources. The Western Renewable Energy Generation Information System (WREGIS) assigns Renewable Energy Certificates (RECs) and tracks REC ownership used as evidence for compliance with renewable portfolio requirements. The CPUC enforces the RPS for LSEs under its jurisdiction.

There are three Portfolio Content Categories of renewable resources under RPS, determined by how the REC and associated energy are delivered to California for use by LSEs in California. Table 2 below shows the categories and their definition.

Table 2. RPS Portfolio Content Categories

Portfolio Content Category	Definition
PCC 1	Bundled energy and REC delivered to the California power grid without substituting electricity from another source. Renewables generated inside CA are by default PCC 1, but out-of-state generators must meet certain scheduling guidelines. The minimum amount of procurement allowed from PCC 1 for compliance period 3 (2017-2020) is 75%.
PCC 2	Bundled energy and REC where the energy can be substituted with non-renewable sources imported into the state. An out-of-state wind resource where the shortfall in energy is firmed up by another resource falls into this category.
PCC 3	Unbundled REC with no obligation for physical delivery of energy. The maximum amount of procurement allowed from PCC 3 for compliance period 3 is 10%.

PORTFOLIO COMPOSITION

Renewables

The renewable content established by VCE’s Board for its 2019 portfolio was 42%. For 2020, we will maintain the 42% minimum RPS requirement. For 2021, we are expecting to begin receiving substantial deliveries from the long term renewable Power Purchase Agreements that staff has been negotiating. Currently, it is anticipated that VCE may receive in excess of its established 42% from the 2021 deliveries, based upon assumed Commercial Operation Dates of the projects under negotiation.

Table 3 below shows the current estimate of energy deliveries from the new long term renewable PPAs under negotiation and their incremental contribution to VCE’s portfolio.

Table 3. Incremental Portfolio Contribution from Long Term Renewable PPAs

	Project COD	PPA Capacity	2020	2021	2022
Short Listed Projects					
<i>Project 1 Phase 1</i>	6/1/2021	72 MWs	0	119,734	205,590
<i>Project 2 Phase 1</i>	10/1/2020	50 MWs	21,380	139,281	139,281
<i>Project 2 Phase 2</i>	7/1/2021	50 MWs	0	65,889	139,281
<i>Project 2 Option</i>	7/1/2022	50 MWs	0	0	65,889
Total Supply		222 MWs	21,380	324,903	550,040
VCEA Retail Load			706,123	740,117	739,992
RPS Minimum Requirements			33.0%	35.8%	38.5%
Incremental Contribution to Renewable Content			3.0%	43.9%	74.3%

Because of the current expectation of 2021 deliveries from these contracts, staff is not anticipating a need to make any short term renewable procurements for 2021. Additionally, going forward, VCE will procure only short term PCC1 power for any anticipated delivery shortfalls that can be anticipated on a forward basis.

Non-RPS Carbon Free

Supplies of large hydro will primarily come from the Northwest, from entities that own or have rights to offer the power directly sourced from a specific hydro project or set of hydro projects. Power directly from zero- or low-carbon resources is known as Specified Source supply. For large hydro Specified Source power, the carbon factor of the power imported will be 0.00 tonnes CO2/MWh.

With the increasing renewable content of VCE’s portfolio, over time, staff anticipates being able to reduce the amount of carbon free large hydro in the portfolio.

Table 4 below shows the total renewable and clean power content planned/anticipated for VCE’s portfolio for 2020 – 2022. Note that Table 4 below assumes that VCE will be able to extend the PPA with Yolo County Flood Control and Water Conservation District for the output of the Indian Valley Hydro Project.

Table 4. Portfolio Renewable and Clean Power Content

	2020	2021	2022
Renewable Content	42.0%	46.2%	75.2%
PCC1	58.93%	100.00%	100.00%
PCC2	41.07%	0.00%	0.00%
Required RPS Minimums	33.0%	35.8%	38.5%
PCC1	75%	100%	100%
PCC2	25%	0%	0%
Incremental Discretionary Renewables	9.0%	10.4%	36.7%
PCC1	0%	100%	100%
PCC2	100%	0%	0%
Large Hydro	33%	33%	24.8%
Total "Clean"	75%	79%	100%

As Table 4 shows, the total amount of clean large hydro targeted for 2021 is still 33%. Staff recommends leaving the 33% target in the event that actual deliveries from the long-term renewable projects are not sufficient to even achieve the 42% targeted renewable content. In that event, staff proposes that VCE procure enough short term PCC1 power to ensure that VCE achieves the 42% minimum renewable supply. Staff will make continuing updates on the expected 2021 renewable deliveries to determine when and if supplemental short term PCC1 procurement is needed.

In 2022 and beyond, depending ultimately on how much renewable content is in the portfolio, VCE can reduce the large hydro content to that needed to achieve a 100% clean portfolio.

Resource Adequacy

Forecast RA requirements for 2020, 2021, 2022, and 2023 are shown in table 5 below. In 2020, for its 2021 Compliance, VCE will have to show procurement for System, Local, and Flex supply for 2021, 100% procurement for Local RA requirement for 2022, and 50% procurement for Local RA requirement for 2023.

Table 5. Estimated Resource Adequacy Volumes, MW

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
RA Requirements												
<i>Greater Bay Area Local</i>	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00
<i>Greater Fresno Area Local</i>	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
<i>Humboldt Local</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Kern Local</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>North Coast/North Bay Local</i>	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
<i>Sierra Local</i>	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
<i>Stockton Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Net System RA</i>	19.65	7.94	8.79	26.07	72.44	133.76	156.32	133.13	108.12	50.63	12.33	18.02
<i>Required Flexible Capacity</i>	48	45	44	47	55	61	46	51	50	48	44	40

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
RA Requirements												
<i>Greater Bay Area Local</i>	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
<i>Greater Fresno Area Local</i>	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
<i>Humboldt Local</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Kern Local</i>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<i>North Coast/North Bay Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Sierra Local</i>	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
<i>Stockton Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Net System RA</i>	37.09	30.97	26.75	51.32	86.43	179.48	183.09	150.77	128.91	71.27	40.13	38.91
<i>Required Flexible Capacity</i>	48	45	44	47	55	61	46	51	50	48	44	40

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
RA Requirements												
<i>Greater Bay Area Local</i>	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
<i>Greater Fresno Area Local</i>	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
<i>Humboldt Local</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Kern Local</i>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<i>North Coast/North Bay Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Sierra Local</i>	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
<i>Stockton Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Net System RA</i>	46.28	37.60	32.41	50.24	108.75	171.60	199.18	169.42	126.75	67.53	42.71	46.84
<i>Required Flexible Capacity</i>	48	45	44	47	55	61	46	51	50	48	44	40

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
RA Requirements												
<i>Greater Bay Area Local</i>	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
<i>Greater Fresno Area Local</i>	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
<i>Humboldt Local</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Kern Local</i>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<i>North Coast/North Bay Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Sierra Local</i>	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
<i>Stockton Local</i>	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Net System RA</i>	46.15	38.73	33.64	48.47	113.49	171.74	199.48	170.31	133.71	66.79	45.55	49.74
<i>Required Flexible Capacity</i>	48	45	44	47	55	61	46	51	50	48	44	40

The RA estimates will be updated when VCE updates its long term load forecast (Q1 2020) and when it receives its CPUC RA determination (which is expected in September 2019).

CAISO Market Energy

Because VCE customers reside in the CAISO balancing authority, their loads will be served physically by energy from the CAISO market. VCE is therefore subject to paying the CAISO market power price at the Load Aggregation Point (LAP) where it is assumed to take energy.

Day Ahead traders will analyze and create daily load forecast profiles. Forecasted hourly loads

Confidential & Proprietary

for VCE will be bid into the CAISO Day Ahead market by 10am the prior day. All awards from the Day Ahead market will carry over to the Real Time market. Any deviations in VCE’s actual load from what is scheduled in the Day Ahead market will pay or be paid at the Real Time market prices.

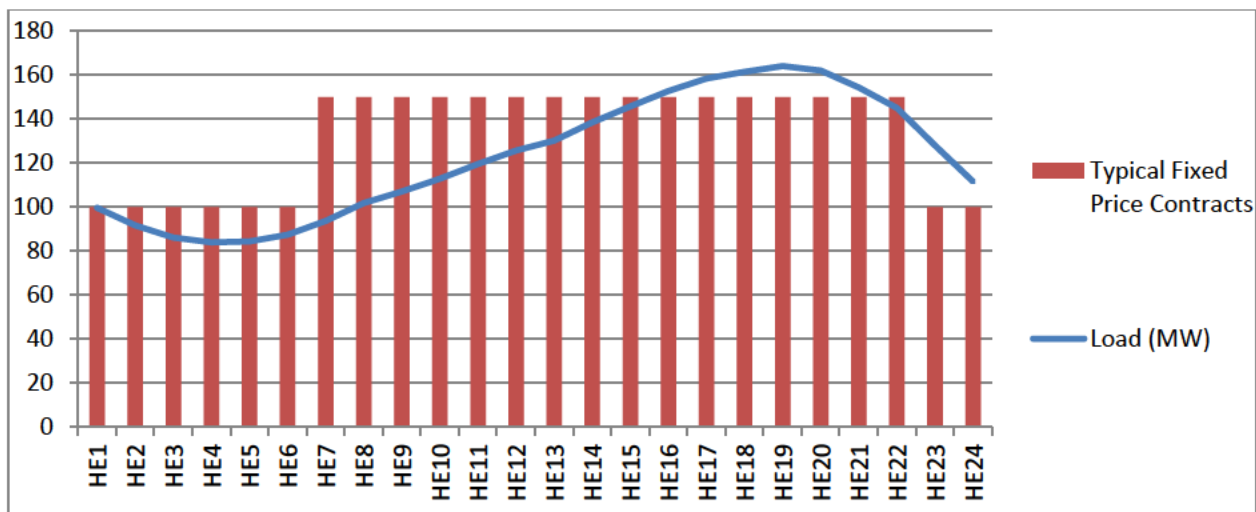
Hedging Products

Options to mitigate price risk of the CAISO market include: 1. NP-15 Futures; 2. Fixed price delivery contracts; and, 3. Congestion revenue rights.

NP-15 Futures (Physical or Financial)

NP-15 futures allow a buyer to fix the price for specified forward periods at set volumes of energy delivery. This hedges against the volatility of Day Ahead clearing prices in the CAISO market but does not protect against congestion and loss charges between the NP-15 trading hub and VCE's LAP. These futures products are traded in standard lots of 25MW for yearly, quarterly, and monthly durations, for off and on-peak hours daily. Futures contracts can be procured such that the monthly energy delivered under the contract approximates forecast energy load for VCE during that month, but because of the size of the 25 MW blocks, the procurement won't exactly match in quantity. Additionally, futures are typically at flat quantities across peak and/or non-peak hours, therefore the shape does not perfectly track VCE’s system load shape. This leaves VCE short in some hours, and long in other hours, even though on a monthly basis the energy volume of the futures contract(s) approximates VCE’s forecast load. Chart 1 shows an example of how on a typical day, the standard futures contract could be structured to deliver nearly the same energy quantity as the forecast load. However, as discussed, the 25 MW blocks procured for on-peak hours provide more energy in the example day than exactly needed for load. NP-15 futures can either be purely financial or can involve the physical delivery of power.

Chart 1. Standard Futures Product vs. Load Profile



Confidential & Proprietary

Bilateral Fixed Price Delivery Contracts (Physical or Financial)

With bilateral fixed price delivery contracts, a buyer and seller can agree on a fixed price, duration, and point of delivery at any CAISO Aggregated Pricing Node or Physical Generator location. This approach fixes the energy price at the agreed delivery point but does not protect against congestion and losses between delivery point and VCE's LAP. Long term renewable power purchase agreements that are at fixed prices will provide price hedge protection for their expected generation profiles.

As an option, fixed price delivery contracts can also be delivered and shaped into schedulable quantities on a daily basis in order to better match hourly fixed price energy delivery to VCE load. This provides a more "perfect" hedge than flat on peak and off peak financial hedging instruments. Shapeable products have a price premium as compared to non-shapeable products. Bilateral fixed price delivery contracts can either be purely financial or can involve the physical delivery of power.

Day Ahead Fixed Price Delivery Contracts (Physical)

The Futures and Bilateral Contracts are procured on a month-ahead, season-ahead, and/or year(s)-ahead basis, using a long-term load forecast of expected loads. When Day-Ahead scheduling is performed, the expected loads for the day being scheduled are much better known. During the Day Ahead trading and scheduling process, any shortfalls and excesses between VCE's load and the fixed price hedging volumes for the next day may be trued up by selling energy for any long hours at fixed prices and purchasing energy to cover any short hours at fixed prices.

Congestion Revenue Rights

Not all sellers will enter fixed price contracts for delivery direct to load, or they will charge a high premium for doing so. Congestion Revenue Rights (CRRs) can be used to hedge against congestion between the point a seller supplies power (a "source" node) and location where the buyer has load (a "sink" node). The CRR owner for those respective source and sink nodes would be entitled to the congestion charges between the source and sink, as calculated by the CAISO. This would, in effect, offset the congestion charges incurred by the difference in price the buyer received at the source node and price paid at the sink node. Holders of CRRs can also be obligated to incur charges if the congestion is in the opposite direction to the power flow they intended to hedge against.

CRRs are made available to LSEs in two ways: 1. LSE allocation; and, 2. CRR auction process conducted by the CAISO. In most cases, the LSE will only want to obtain CRRs by allocation, which has no up-front cost associated with the allocation. CRRs obtained through auction are acquired by paying a premium, the price of which is determined through the auction process.

CRRs are limited in that they are designed to cover energy flows that are blocked into on-peak and off-peak periods; they are not shapeable.

Carbon Allowances

For large hydro power imported from the Northwest from Specified Sources, there should not be any associated carbon emissions, therefore it is not anticipated that carbon allowances will

need to be procured. Transactions for energy imported into the state are structured such that the energy provider has the Cap and Trade compliance obligation. As such, VCE will not have a direct Cap and Trade compliance obligation and will not need to procure Carbon Allowances.

PROCUREMENT APPROACH AND HEDGING STRATEGY

Load Assumed for Procurements

Retail Load

The current VCE load forecast is shown in Attachment A. It includes the legacy net metered customers being enrolled across 2020 with an assumption that the opt outs are at the same rate as existing customers. Additionally, the forecast includes the assumption that the community of Winters will enroll in VCE service in 2021, with the opt out rates the same as for existing customers.

System Load

System Load is the wholesale load of VCE. The System Load is the Retail Load factored up for Distribution Losses. The System Load forecast of energy and capacity for VCE is shown in the columns of Appendix A with the heading, "Wholesale Load."

Forecast Adjustments

The current load forecast was produced in Q1 of 2019, with subsequent adjustments to show NEM customers enrolling across 2020, and Winters customers enrolling in 2021. VCE is scheduled to have a load forecast update performed in Q1 of 2020. Staff anticipates that the updated load forecast will be different than the current forecast. After the load forecast is updated, staff will review how that repositions all of VCE's power portfolio. Any material short positions created by a new load forecast that is greater than the current load forecast will need to be covered with additional purchases of products which will be pursuant to recommendations from SMUD and authorization from VCE's EROC.

Procurement Strategy

CAISO Market Energy

[REDACTED]

Congestion Revenue Rights

[REDACTED]

Large Hydro Clean Energy

[REDACTED]

Confidential & Proprietary

[Redacted]

Price Hedging Energy

[Redacted]

[Redacted]

Renewable Energy

[Redacted]

[Redacted]

Resource Adequacy

[Redacted]

[Redacted]

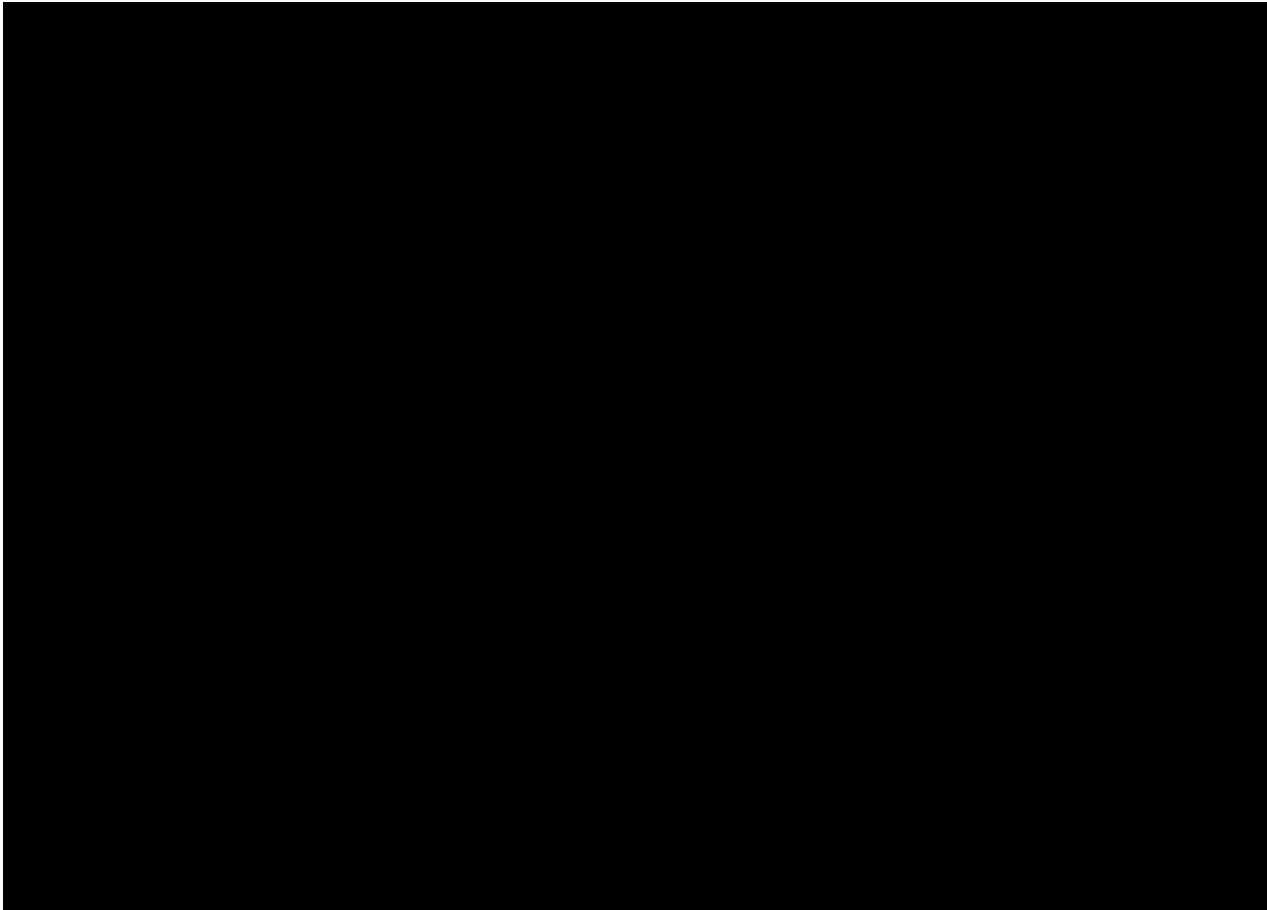
[Redacted]

[Redacted]

Procurement Directives

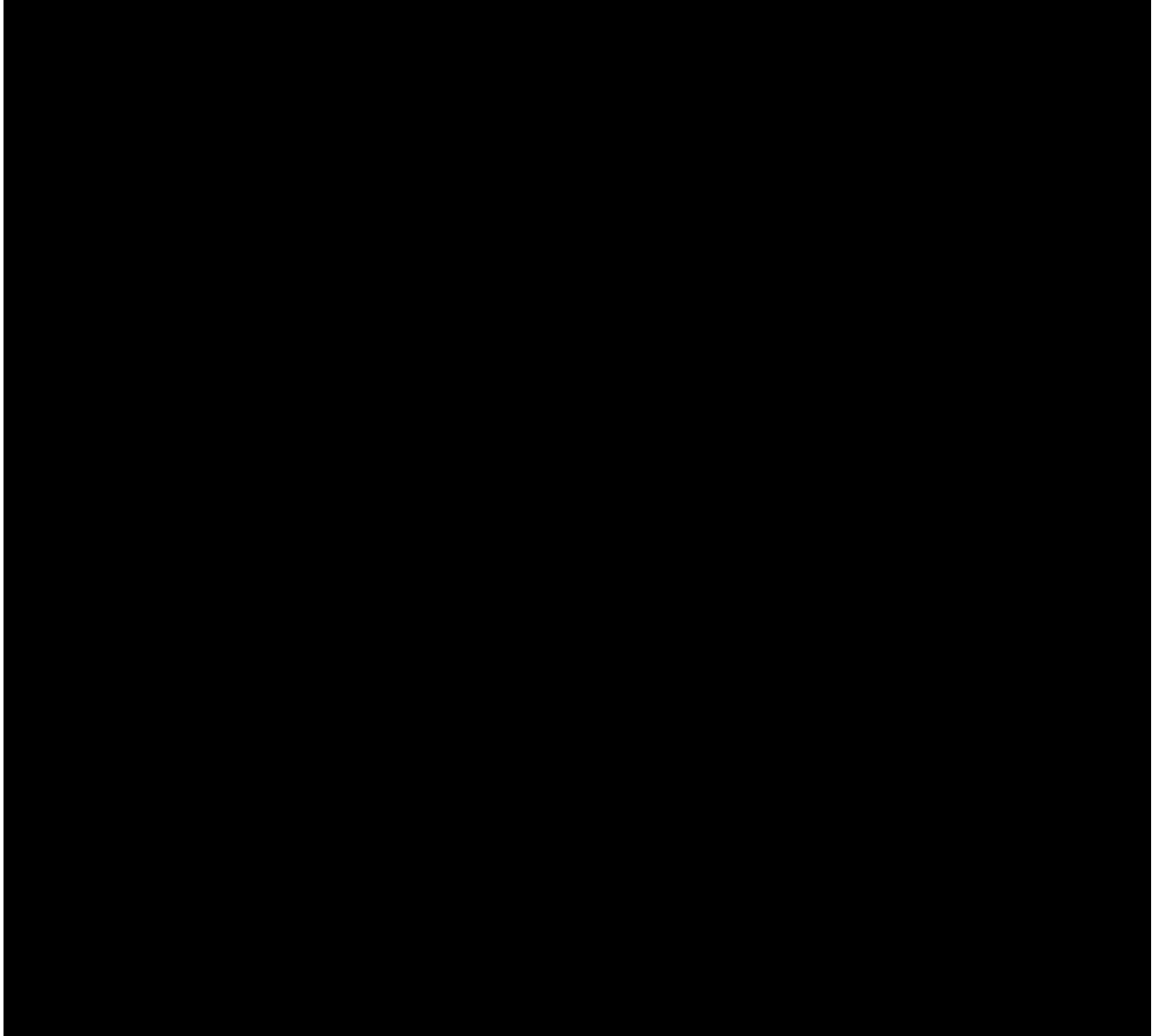
Table 6 below shows the specific Procurement Directives and Delegations that will apply for 2020.

Table 6. 2020 Procurement Directives



Confidential & Proprietary

Table 6 cont'd. 2020 Procurement Directives



Confidential & Proprietary

COMMUNITY ADVISORY COMMITTEE REIVEW

On November 12, 2019, staff reviewed the portfolio percentages with the Community Advisory Committee (CAC). The CAC voted to approve staff recommendation on portfolio percentages of renewables and large hydro for 2020, and on the recommendation by staff to not do any short term renewable procurement for 2021, unless required due to less-than anticipated 2021 energy deliveries from the new long term renewable PPAs. They also supported maintaining the 33% large hydro target for 2021. The CAC further voted to recommend that 42% is the absolute minimum renewable portfolio percentage and encouraged that renewable purchases

Confidential & Proprietary

be made to increase that percentage above 42%, where fiscally appropriate. The CAC motions passed unanimously.

REQUESTED ACTION

Adopt a resolution as detailed above.

Attachment A

Load Forecast

Month	Retail Load		Wholesale Load	
	Energy, MWh	Peak, MW	Energy, MWh	Peak, MW
January, 2020	50,233	88	53,623	94
February, 2020	44,543	85	47,549	90
March, 2020	44,765	84	47,786	89
April, 2020	44,878	100	47,906	107
May, 2020	59,744	134	63,777	143
June, 2020	75,125	188	80,195	201
July, 2020	85,599	209	91,376	223
August, 2020	77,667	188	82,909	201
September, 2020	65,078	163	69,470	174
October, 2020	54,473	121	58,150	129
November, 2020	49,827	95	53,190	102
December, 2020	54,191	100	57,849	107
January, 2021	55,930	105	59,705	112
February, 2021	46,424	98	49,558	105
March, 2021	46,717	95	49,870	101
April, 2021	45,368	111	48,430	118
May, 2021	61,488	142	65,638	152
June, 2021	78,905	201	84,230	215
July, 2021	89,672	223	95,724	238
August, 2021	81,848	199	87,371	213
September, 2021	68,245	169	72,851	181
October, 2021	56,524	126	60,338	134
November, 2021	52,458	102	55,998	109
December, 2021	56,539	105	60,355	113
January, 2022	56,198	105	59,991	112
February, 2022	46,475	99	49,612	105
March, 2022	46,672	94	49,821	101
April, 2022	44,914	108	47,946	115
May, 2022	61,424	153	65,569	164
June, 2022	78,769	202	84,085	216
July, 2022	89,171	224	95,190	239
August, 2022	82,123	201	87,665	214
September, 2022	68,309	167	72,920	178
October, 2022	56,599	121	60,419	129
November, 2022	52,714	102	56,271	109
December, 2022	56,624	106	60,446	113
January, 2023	56,788	105	60,621	112
February, 2023	46,607	100	49,752	106
March, 2023	46,661	95	49,810	102
April, 2023	44,469	107	47,470	114
May, 2023	61,598	157	65,756	168
June, 2023	78,714	202	84,026	216
July, 2023	89,120	224	95,135	239
August, 2023	82,230	201	87,779	215
September, 2023	68,363	173	72,977	184
October, 2023	57,084	121	60,937	129
November, 2023	53,099	105	56,683	112
December, 2023	56,783	108	60,615	115
Year	Retail Load		Wholesale Load	
	Energy, MWh	Peak, MW	Energy, MWh	Peak, MW
2020	706,123	209	753,779	223
2021	740,117	223	790,067	238
2022	739,992	224	789,934	239
2023	741,517	224	791,562	239

Confidential & Proprietary

Attachment B

Glossary

Commodity Price/Market Price

The price at which electricity, gas, capacity, and renewable attributes are bought and sold.

Congestion Revenue Right (CRR)

Financial instruments used in the Day Ahead market to hedge the difference in price between two locations caused by congestion.

Counterparty

An entity to which an exposure to financial risk might exist.

Customer Load

The power usage of a single customer who receives power from the electric system.

Day-Ahead

Refers to the day before actual power flow begins. For example, in the CAISO, the Day-Ahead market for Tuesday's flow date closes on Monday at 10am.

Energy Products

Means all commodities and commodity related products, both physical delivery and financial instruments, related to meeting the wholesale energy, regulatory, hedging, and/or risk management needs of VCE. The types of products include, but are not limited to: Energy; Capacity; Resource Adequacy; Local Capacity; System Capacity; Ancillary Services; Environmental Attributes (including but not limited to RECs, Carbon Allowances, and other required environmental attributes); Forwards; Futures; Swaps; Options; Congestion Revenue Rights; and other energy and commodity related products as needed.

Enterprise Risk Oversight Committee (EROCC)

This is the committee established in accordance with the VCE Board Wholesale Energy Risk Management Policy Manual, initially adopted December 14, 2017, as it may be revised.

Financial Product

A contract in which the value is derived from an underlying physical commodity but which does not require physical delivery or receipt of the commodity.

Load Aggregation Point (LAP)

A Load Aggregation Point is a set pricing node used in the CAISO market for the submission of demand bids and for settlement of demand. The purpose of a LAP is to collapse into a single pricing node, the various locations of a load serving entity's load that are distributed throughout the system.

Long Position

A long position means there is not an open or short position, and that excess supply exists. In addition, as load forecasts are updated, if an excess exists, that excess is also considered a long position. For the renewable power purchase example (see *Open Position*), if 60,000 MWhs has been procured for a 50,000 MWh need, a long position of 10,000 MWhs will exist.

Open Position

For any given timeframe, any commodity requirement that is unfilled is considered to be an open position. For instance, if there is a requirement to procure 50,000 MWhs of renewable power in a calendar year, until 50,000 MWhs of renewable power purchases have been secured, there will be an open position equal to the remaining MWh value needed to reach 50,000 MWhs.

Physical Product

A contract which requires the seller to physically deliver, and the buyer to physically receive a given commodity.

Price Risk (or Market Price Risk)

Price Risk is the risk that prices for power are different than have been assumed for financial planning and budgeting. Price risk is hedged by procuring fixed-price forward contracts for power.

Portfolio

The aggregation of commodity-related products (both physical and financial) procured to serve load and meet other policy goals.

Portfolio Manager

A core service provided by the WESP which broadly encompasses the responsibility for managing the purchase and sale of energy commodity-related products in the commodity portfolio in an effort to serve load and meet other policy goals.

Real-Time

Refers to the actual day in which power flows. In the CAISO, the Real-time market opens at 1pm the day before flow date and closes for each hour 75 minutes prior to the start of scheduled flow.

Renewable Energy Certificate (REC)

A REC is evidence of the production equal to one megawatt-hour of generation from a certified renewable energy resource.

Retail Load

The summation of all customers' loads that receive power from the electric system.

Short Position

A short position is an open position. The volumetric value of a short position is determined by the shortfall in volume compared to the requirement. For the renewable power purchase example, if 30,000 MWhs of the 50,000 MWh requirement has been procured, a short position of 20,000 MWhs remains.

Specified Source

A Specified Source is an out-of-state generator that meets the requirements of the California Air Resources Board such that the carbon intensity of that resource's emissions (typically zero, or lower than that of unspecified imports) can be declared by the California entity importing the power.

System Load

The summation of all customers' loads that receive power from the electric system. System Load includes applicable transmission and/or distribution losses.

Volumetric Risk

The effect of fluctuations in demand for load or for production of generation from a generator.

Western Renewable Energy Generation Information System (WREGIS)

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC).

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- ____

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE
APPROVING THE 2020 PROCUREMENT PLAN, DIRECTIVES AND DELEGATIONS FOR
PROCURING VALLEY CLEAN ENERGY'S POWER PORTFOLIO FOR CALENDAR YEAR 2021,
THE TARGETED PORTFOLIO MIX, AND THE MAINTENANCE OF A MINIMUM
RENEWABLE TARGET FOR 2021**

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, in order to achieve its strategic goals, VCE has established procurement policies and goals and on January 18, 2018 the Board approved VCE's Procurement Guide which provided the roadmap for implementation and established the procurement plan for 2018 and 2019 power portfolio, along with delegations to Sacramento Municipal Utilities District ("SMUD") to execute on this plan;

WHEREAS, on January 23, 2019, the Board adopted via Resolution 2019-002 a revised Procurement Guide and delegated authority to VCEA Staff and SMUD to procure energy for calendar years 2020, 2021 and 2022, including the procurement of price hedging energy for VCE's expected 2020 needs with no delegation to procure hedging energy beyond 2020, consistent with the procurement policy and guide; and,

WHEREAS, on September 12, 2019, the Board adopted via Resolution 2019-013 the replacement of the August 29, 2019 EROC delegation, authorized SMUD to procure up to 100% of the forecast hedging energy needs for 2021, and authorized the Interim General Manager to approve the actual procurement strategy employed for this procurement.

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

1. Approves the 2020 Procurement Plan.
2. Approves specific Directives and Delegations to SMUD for procuring all of VCE's power portfolio for calendar year 2021, and portions of the power portfolio for 2022

and 2023.

3. Approves continuing the targeted portfolio mix of 42% renewable and 33% clean large hydro into 2020.
4. Approves maintaining a minimum 42% renewable target for 2021, the first year in which VCE expects significant deliveries from long-term renewable contracts, and approves continuing a 33% clean large hydro content in 2021.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of December 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 14

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Update on Power Charge Indifference Adjustment (PCIA) and Energy Resource Recovery Account (ERRA)

DATE: December 12, 2019

RECOMMENDATIONS

As this is an informational update, no Board decisions are required.

BACKGROUND

The purpose of this report is to provide background on the upcoming changes to the Power Charge Indifference Adjustment (PCIA) for 2020. The information is based on the latest information available from the CPUC proceeding and analysis by CalCCA rate forecasting consultants. The CPUC is scheduled to take action on the 2020 PCIA and PG&E generation rates in mid-late January 2020. CalCCA is coordinating responses and dispute of PCIA charges that may reduce anticipated PCIA charges for 2020 – VCE is engaged with CalCCA on these efforts. Staff will provide an update to the Board at its January 2020 meeting. VCE staff presented a similar update to the VCE Community Advisory Committee at their meeting on December 5, 2019.

Power Charge Indifference Adjustment (PCIA)

Every customer that transitioned from PG&E to VCE is assessed an ongoing Power Charge Indifference Adjustment (PCIA) rate in their monthly bill. This is a portion of the overall generation rate that VCE charges. Assuming VCE continues to match PG&E generation rates, the higher the PCIA the lower VCE's margin.

PCIA is assessed by vintage year. The vast majority of VCE customers are 2017 vintage and always will be considered as such. There is also going to be a large swath of customers (incoming Net Energy Metering and Winters customers) who will be part of later PCIA vintages.

The current PCIA for VCE is approximately 2.70 cents per kWh. However, based on the most recent November 2017 Energy Resource Recovery Account (ERRA) update filing from PG&E, the PCIA rate for

PG&E CCA customers is very likely to increase starting in 2020, perhaps substantially, for all PCIA vintage years.

The reasons for this increase include both ongoing fluctuations in market energy prices, along with a substantial “one-time” PCIA under-collection driven by:

1. Lower “energy revenues” from sales into the CAISO, mainly due to lower prices
2. Lower customer revenue
 - Delays in implementing the 2019 PCIA
 - Used the older “system” billing determinants that under-collected for the past year
3. Less Renewable Energy Credit (REC) sales and true-up (PG&E)
4. Lower Resource Adequacy (RA) /True-up (PG&E)

The majority of VCE customers are 2017 PCIA vintage, and the weighted average PCIA rate, spread among all customer classes, is approximately 2.70 cents per kWh in calendar year 2019. With PG&E’s filing, those rates could increase substantially. Some possible outcomes include:

- Increasing to the PCIA cap of approximately 3.17 cents per kWh
- Increasing to a substantially higher amount due to one-time charges, possibly as high as 4.49 cents per kWh

Additionally, 2020 PCIA vintage rates show a substantial increase for PG&E customers – to similar amounts as above – which would include the incoming Winters customers transitioning to VCE effective January 2021.

Assuming that VCE continues the practice of matching PG&E generation rates, these PCIA increases could have serious impacts on VCE’s stability and growth potential. Impacts could be felt in cash flow, cash reserves, profitability, and debt covenants. These potential impacts are identified in the Analysis section of this report below.

Anticipated PG&E Generation Rates - 2020

Since VCE has so far matched PG&E generation rates, another factor that will have a potentially significant effect on VCE’s financial outlook is the assumed increase or decrease in PG&E generation rates from the ERRA filing. The most recent outlook provided by CalCCA consultants is that PG&E’s generation rates will drop approximately 3% in 2020, which also has a negative cash flow impact to VCE.

As noted above, the CPUC will take action on PG&E’s 2020 rates in mid-late January 2020 in its ERRA proceeding, at which point the VCE financial model will be updated accordingly.

ANALYSIS

Currently, the PCIA and generation rates are not final. Therefore, any discussions and analysis presented in this report is not considered final and is based on best available data at this time. This will be updated as more information is gathered.

VCE staff analyzed the following three scenarios, along with several others to provide the Board with a range of potential financial outcomes for 2020 through 2022:

- Scenario 1: “As Is” base case scenario assuming no changes to VCE’s current PCIA forecast that had the PCIA increasing significantly but less than the Cap in Scenario 2 below (Note: based on the data and information that became available in mid-November 2019 from PG&E and the CPUC, this scenario is presented for comparison purposes only as it is very unlikely to occur).
- Scenario 2: “PCIA to Cap” scenario assuming the PCIA rises to the CPUC cap in 2020 of 3.17 cents per kWh and remains there
- Scenario 3: “PCIA Exceeds Cap” scenario assuming the PCIA rises high enough to trigger a CPUC cap exception and goes to 4.25 cents per kWh for 2020 and down to 3.50 cents in 2021 and beyond (Note: the PCIA for 2021 and beyond decreases due to the assumption that a portion of the 2020 PCIA are “one-time” under-collections from 2019).

Following are the assumptions and impacts of each scenario:

		Fiscal Year Ended June 30, 2020		
		Scenario 1	Scenario 2	Scenario 3
		Base "As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2019		2.7 cents	2.7 cents	2.7 cents
PCIA - 2020		2.7 cents	3.2 cents	4.25 cents
2020 PG&E Generation Rate		-3%	-3%	-3%
Key Financial Measures	Debt Covenants			
Change in Net Position	At least \$1.00	\$8,157	\$7,406	\$3,734
Debt Service Coverage Ratio	1.25 or greater	29	26	13
Net Position	At least \$11.0 million	\$15,510	\$14,762	\$11,106
Liabilities to Net Position	2.0 or less	0.51	0.54	0.71
Cash (Unrestricted)		\$12,505	\$12,009	\$9,583
Days Cash		54	52	41
Revenue		\$55,708	\$54,957	\$51,289
Gross Margin		\$13,003	\$12,252	\$8,584

		Fiscal Year Ended June 30, 2021		
		Scenario 1	Scenario 2	Scenario 3
		Base "As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2020		2.7 cents	3.2 cents	4.25 cents
PCIA - 2021		2.7 cents	3.2 cents	3.5 cents
2020 PG&E Generation Rate		-3%	-3%	-3%
2021 PG&E Generation Rate		+3%	+3%	+3%
Key Financial Measures				
	Debt Covenants			
Change in Net Position	At least \$1.00	\$5,368	\$2,817	(\$2,956)
Debt Service Coverage Ratio	1.25 or greater	11	6	-6
Net Position	At least \$11.0 million	\$20,052	\$16,769	\$7,359
Liabilities to Net Position	2.0 or less	0.36	0.43	0.97
Cash (Unrestricted)		\$14,564	\$11,845	\$2,947
Days Cash		59	48	12
Revenue		\$57,727	\$55,189	\$49,480
Gross Margin		\$10,156	\$7,618	\$1,909

		Fiscal Year Ended June 30, 2022		
		Scenario 1	Scenario 2	Scenario 3
		Base "As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2021		2.7 cents	3.2 cents	3.5 cents
PCIA - 2022		2.7 cents	3.2 cents	3.5 cents
2021 PG&E Generation Rate		+3%	+3%	+3%
2022 PG&E Generation Rate		0%	0%	0%

Key Financial Measures	Debt Covenants			
Change in Net Position	At least \$1.00	\$8,297	\$4,625	\$1,661
Debt Service Coverage Ratio	1.25 or greater	18	10	4
Net Position	At least \$11.0 million	\$27,478	\$20,551	\$8,190
Liabilities to Net Position	2.0 or less	0.25	0.34	0.84
Cash (Unrestricted)		\$21,057	\$14,734	\$2,917
Days Cash		83	58	12
Revenue		\$62,391	\$58,765	\$55,904
Gross Margin		\$13,180	\$9,554	\$6,693

**Note: All \$ are in thousands of dollars.*

CONCLUSION

The impact of the potential PCIA rate increases can be substantial. Following are the key takeaways from staff's preliminary assessments:

- VCE is able to absorb the PCIA impacts of Scenario 2 without incurring additional debt or missing key covenants, although it will delay achievement of VCE's 90-day cash reserve policy and impact VCE's dividends and local project/program development.
- In Scenario 3, VCE would need to raise generation rates to maintain its financial standing. Without doing so, VCE would lose its cash reserves over time and never attain adequate levels of cash to maintain operations.
- In Scenario 3 or a comparable outcome, it is important to note that raising generation rates over those of PG&E for a limited or longer-term duration may be necessary to maintain financial reserves and stability. VCE's rates could still be kept "competitive" with PG&E even if not exactly PG&E's rates.
- CalCCA and the collective CCA efforts related to the 2020 PCIA rates are focused on correcting errors in the investor owned utilities (IOU) PCIA calculations that may moderate a small portion of the 2020 PCIA impact. In addition, the effort also includes the potential for large one time under-collection amounts (if they are valid under the CPUC PCIA formula), to be paid by CCA's over several years to spread out the payments to reduce volatility and avoid a spike in 2020.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Vicky Zavattero, Project Manager

SUBJECT: Guiding Principles for VCE Distribution System

DATE: December 12, 2019

RECOMMENDATION

Consider adoption of a core set of principles to guide Valley Clean Energy’s ownership and operation of the local distribution system in Yolo County.

BACKGROUND and ANALYSIS

VCE is moving forward with its initiative to acquire the local distribution system from PG&E after determining it’s financially feasible and is aligned with VCE’s mission. PG&E has rejected VCE’s bid of \$300M. Further action on VCE’s offer will take place as part of the PG&E Bankruptcy and/or the state legislative process. In order to clearly communicate VCE’s position in these settings, staff has drafted a set of principles to help guide the organization as VCE continues to evaluate financial and operational viability and pursue this acquisition. The draft principles are guided by and consistent with VCE’s adopted Vision and Mission statements.

The draft principles are:

1. Create and maintain an electric system that is reliable and maximizes safety for all customers.
2. Ensure that rates and bills are affordable for all customer classes.
3. Conduct all business in a manner that is ethical, open and transparent to customers and communities.
4. Protect workers by preserving labor agreements and benefits.
5. Develop a governance structure that provides for and encourages customer participation and fosters local decision-making allowing communities to implement energy solutions that are right for them.
6. Demonstrate environmental leadership.

After adoption of principles, staff will develop a set of metrics to measure the extent to which key principles have been achieved. As an example, if the principle is reliability the metric could be to establish acceptable outage targets – metrics to measure the number of outages, the duration of outages and the number of customers impacted.

As VCE, San Francisco PUC, South San Joaquin Irrigation District and Nevada Irrigation District pursue the acquisition of their respective local distribution assets, there is a parallel effort by multiple public entities to explore creation of a northern California customer-owned Transmission & Distribution cooperative which would replace PG&E or substantially change its governance and operating structure. This effort is being led by the City of San Jose. As part of this effort, many CCAs such as Sonoma Clean Power and MCE are developing principles to guide their own involvement in evaluating opportunities for public power, customer owned utilities, and the potential reformation of PG&E as an investor owned utility. VCE's guiding principles will also help as it participates in the state and regional discussions.

Staff believes that adoption of distribution system principles by the VCE Board will help:

1. Help drive the acquisition of the distribution system assets;
2. Communicate VCE's message and intent to customers, the community and regulators; and
3. Guide staff in policy and the operation of a distribution system.

Additionally, these principles can be used to help guide VCE's participation in the discussions related to the development of a greater northern California effort to move from PG&E to a public and/or customer-owned model.