



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, December 14, 2023 at 5:30 p.m.
City of Davis Community Chambers
23 Russell Boulevard, Davis, California 95616**

Board Members will be attending in-person and public participation will be in-person and available via Zoom Webinar (video/teleconference). VCE will, to the best of its ability, provide hybrid and remote options for VCE meeting participants and to the public; however, VCE cannot guarantee these options will be available due to technical limitations outside of our control. For assurance of public comment, VCE encourages in-person and written public comments to be submitted as described below when possible. VCE, to the best of its abilities, will provide participation via the Zoom platform.

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.

Members of the public who wish to listen to the Board of Director's meeting may do so with the video/teleconferencing call-in number and meeting ID code.

Video/teleconference information below to join meeting:

Join meeting via Zoom:

- a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.**

(If your device does not have audio, please also join by phone.)

<https://us02web.zoom.us/j/85460057942>

Meeting ID: 854 6005 7942

- b. By phone**

One tap mobile:

+1-669-900-9128,, 85460057942# US

+1-669-444-9171,, 85460057942# US

Dial:

+1-669-900-9128 US

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Meeting ID: 854 6005 7942

Public comments may be submitted electronically or during the meeting. Instructions on how to submit your public comments can be found in the PUBLIC PARTICIPATION note at the end of this agenda.

Board Members: Tom Stallard (Chair, City of Woodland), Lucas Frerichs (Vice Chair, Yolo County), Jesse Loren (City of Winters), Will Arnold (City of Davis), Mayra Vega (City of Woodland), Mary Vixie Sandy (Yolo County), Albert Vallecillo (City of Winters), Bapu Vaitla (City of Davis)

Alternate Board Members: Angel Barajas (Yolo County), Tania Garcia-Cadena (City of Woodland), Donna Neville (City of Davis)

5:30 p.m. Call to Order

- 1. Welcome / Oath of Office to new Member(s).**
- 2. Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda or are listed on the Consent portion of the 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, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

- 3. Approve November 9, 2023 Board meeting Minutes.**
- 4. Receive 2023 Long Range Calendar.**
- 5. Receive financial update: October 31, 2023 (unaudited) financial statement.**
- 6. Receive Legislative update provided by Pacific Policy Group.**
- 7. Receive December 6, 2023 Regulatory update provided by Keyes & Fox.**
- 8. Receive Community Advisory Committee November 16, 2023 meeting summary and 2023 Year End Task Group Reports.**
- 9. VCE Grant/Program activity summary.**
- 10. Receive copy of Letter to amend Jim Parks agreement to extend term through December 31, 2024.**
- 11. Approve Amendment 3 to Automate Mailing agreement to extend term through December 31, 2024. (Action)**
- 12. Approve Amendment 6 to Keyes & Fox agreement to extend term through December 31, 2024 and increase the not to exceed amount. (Action)**

13. Ratify Greenhouse gas (GHG) Free Attributes for 2024 accepting large hydro and rejecting nuclear. (Action)
14. Designate Chief Operating Officer Gordon Samuel as the alternate to the California Community Power Agency (CC Power) Board of Directors. (Action)
15. Appoint Valley Clean Energy Auditor and Treasurer. (Action)
16. Authorize Executive Officer to enter into a letter agreement and amended power purchase agreement with Leeward Renewable Energy to address changes in the commercial operation date of the Willy 9 Chap 2 facility. (Action)

REGULAR AGENDA

17. Approve 2024 Operating Budget and 2024 Customer Rates.
18. Approve 1) Amendment 3 to VCE's Joint Exercise of Powers Agreement (JPA) and 2) adopt a Director Compensation and Expense Reimbursement Policy.
19. Board Member and Staff Announcements: Action items and reports from members 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.
20. Announcement/Adjournment: The Board's next regular meeting is scheduled for Thursday, January 11, 2024 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695.

PUBLIC PARTICIPATION: Public Comments: Public participation for this meeting will be done electronically via e-mail and during the meeting as described below.

Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org . If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Board and the public during the meeting subject to the usual time limit for public comments [two (2) minutes]. General written public comments will be read during Item 2, Public Comment. *Written public comment on individual agenda items should include the item number in the "Subject" line for the e-mail and the Clerk will read the comment during the item.* Items read cannot exceed 300 words or approximately two (2) minutes in length. All written comments received will be posted to the VCE website.

Verbal public participation during the meeting:

- 1) **If attending in person**, please complete a **Comment Card** and return it to the Board Clerk.
- 2) **If attending remotely via Zoom**, there are two (2) ways for the public to provide verbal comments:
 - A. If you are attending by computer, activate the "participants" icon at the bottom of your screen, then raise your hand (hand clap icon) under "reactions". When called upon, you will be "unmuted" to allow to speak.

- B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

VCE staff will acknowledge that you have a public comment to make during the item and will call upon you to make your verbal comment.

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. The Valley Clean Energy website is located at: <https://valleycleanenergy.org/board-meetings/>.

Accommodations for Persons 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, VCE Board Clerk/Administrative Analyst, as soon as possible and preferably at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@ValleyCleanEnergy.org.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 3

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from November 9, 2023 meeting
DATE: December 14, 2023

RECOMMENDATION

Receive, review and approve the attached November 9, 2023 meeting Minutes.

Attachment: 11/9/23 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 9, 2023**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, November 9, 2023 at 5:30 p.m. to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. VCE Chair Tom Stallard established that there was a quorum present and began the meeting at 5:31 p.m.

Board Members Present: Tom Stallard, Lucas Frerichs, Jesse Loren, Mayra Vega (departed at 6:02 p.m.), Bapu Vaitla, Albert Vallecillo (Alternate – City of Winters), Will Arnold (arrived at 5:34 p.m.)

Members Absent: Mary Vixie Sandy, Richard Casavecchia

Welcome Chair Stallard welcomed the Board members. He announced that Yolo County Supervisor Mary Vixie Sandy was appointed to the VCE Board and plans on attending the December 2023 meeting.

Public Comment – General and Consent Chair Stallard opened the floor for public comment on both the agenda and Consent agenda items. There were no verbal or written public comments.

Approval of Consent Agenda / Resolution 2023-013 Motion made by Director Vega to approve the consent agenda items, seconded by Director Frerichs. There was no verbal or written public comments. Motion passed with Directors Sandy and Casavecchia absent. The following items were:

3. approved October 12, 2023 Board Special meeting;
4. received 2023 Long Range Calendar;
5. receive financial update: September 30, 2023 (unaudited) financial statement;
6. received September 2023 Regulatory update dated November 1, 2023 provided by Keyes & Fox;
7. received Community Advisory Committee October 26, 2023 meeting summary;
8. instructed Staff to proceed with the next steps to amend Valley Clean Energy's Joint Powers Authority agreement and adopt a Board Compensation and Reimbursement Policy;



- 9. ratified VCE's participation/application in Electric Autonomous Tractor Swarms (EATS) grant as Resolution 2023-013; and,
- 10. approved the 2024 Legislative Platform.

Regular Agenda

Chair Stallard announced that Item 12 – Net Energy Metering Policy/Net Billing Tariff (NBT) / Solar Billing Plan (SBP) will be addressed first prior to Item 11.

Item 12: Approve VCE's updated Net Energy Metering Policy in consideration of Net Billing Tariff (NBT)/Solar Billing Plan (SBP). (Discussion/Action)

VCE Executive Officer Mitch Sears introduced this item. (Director Arnold arrived at 5:34 p.m.) VCE Director of Finance and Internal Operations Edward Burnham provided background information on Net Energy Metering (NEM) and the California Public Utilities Commission's (CPUC) December 2022 decision to transition from the NEM program to a successor program known as the Net Bill Tariff (NBT) or Solar Billing Plan (SBP), with the goal of realigning compensation. Mr. Burnham explained how the new program (NBT/SBP) will affect 2.0 ("legacy") and 3.0 (new) NEM customers.

The Board and Staff discussed: possible impacts of the Solar Billing Plan and battery storage; if there were any incentive programs for customers to install batteries; how to quantify electric vehicle charging usage; and, the OhmConnect program. There were no verbal or written public comments.

Motion made by Director Loren to: approve the draft update of the VCE Net Energy Metering Policy including:

- 1. maintain existing NEM rates for VCE Legacy NEM Customers (Pre-April 14, 2023);
- 2. adopt Net Billing Tariff/Solar Billing Plan for new VCE solar customers with an adder of \$0.01/kWh for excess generation; and,
- 3. modify existing policy for distribution of net billing credits to customers.

This motion was seconded by Director Frerichs. Motion passed by the following votes:

- AYES: Frerichs, Arnold, Loren, Vega, Vaitla, Vallecillo (Alt.), Stallard
- NOES: None
- ABSENT: Vixie Sandy, Casavecchia
- ABSTAIN: None

Item 11: Receive 2024 Operating

Mr. Burnham reviewed updates made to the draft 2024 operating budget and provided information on the multi-year forecast (2025



Budget update.
(Information)

through 2027) in preparation for the 2024 Budget adoption and rate setting that will come before the Board at their December meeting.

(Director Vega departed at 6:02 p.m.)

The Board and Staff discussed: VCE's line of credit, load, power costs, available contracted power, cash reserves, Resource Adequacy (RA), VCE's CARE/FERA customers, VCE's rates, dividends, when to discuss adding more programs, expansion of VCE service territory, and, how VCE and Yolo County have been working together to try to assist targeted customers on energy efficiency within the home. There were no verbal or written public comments.

Item 13: Receive
information on
2022 Power
Content Label
outreach.
(Information)

Mr. Sears reviewed the background on the Power Content Label (PCL); explained that the information in the PCL reflects sources of energy and the associated emissions of greenhouse gases annually; reviewed VCE's adopted multi-year approach to reaching 100% renewable by 2030; VCE's annual Renewables Portfolio Standards (RPS) position and outlook out to 2030; and reviewed VCE's 2022 PCL in detail.

Verbal Public Comment: Christine Shewmaker provided a verbal comment on the renewables portfolio standards (RPS) percentages in 2023 and beyond being in line with Senate Bill 100; and, VCE's transparency on emissions and goal of reaching 100% renewable by the year 2030.

The Board and Staff discussed: Resource Adequacy, how roof top solar is not counted towards VCE's renewable portfolio, and, Climate Corporate Data Accountability Act (Senate Bill 253) which requires large corporations to report and make public their emissions.

There were no written public comments.

Item 14: Board
Member and Staff
Announcements

Director Loren announced that the Salmon Festival held on Saturday, November 4th in Winters was a success with VCE participating by having a booth. She announced that the City of Winters has completed the installation of Electric Vehicle (EV) chargers at the Winters hotel – with the installation of chargers at the Winters Community Center, this completes their projects funded from the Sacramento Area Council of Governments (SACOG) "Electrify Yolo" grant.



Chair Stallard announced that the City of Woodland recently adopted a policy to charge for the use of EV Chargers to be installed by and within the City. Some Directors have heard that there have been issues with the reliability of EV Chargers working and not being maintained. Chair Stallard also announced that the Environmental Impact process has been completed for a research and technology park development within the City of Woodland.

Mr. Sears announced that Yolo County has scheduled an EV Charger “unveiling” event at the Mary Stephens Library in Davis on Monday, November 13th at 10 a.m. This project was funded with SACOG monies and is part of the Electrify Yolo project. He announced that at the CalCCA Board of Directors meeting it was announced that the Federal Agency that publishes an annual report on national renewable energy production, for the first time included CCA’s. Two (2) of the top (5) producers were CCA’s.

Announcement

The Board’s next regular meeting is scheduled for Thursday, December 14, 2023 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. There being no further business to discuss the meeting was adjourned at 6:41 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2023 Long-Range Calendar

DATE: December 14, 2023

Recommendation

Receive and file the 2023 Board and Community Advisory Committee long-range calendar listing proposed meeting topics. Please note that the January 2024 meeting schedule is listed at the bottom of the 2023 calendar.

The **2024** long-range calendar will be provided in the Board's January 2024 meeting packet.

Attachment: 2023 Board and CAC Long Range Calendar

VALLEY CLEAN ENERGY
2023 Meeting Dates and *Proposed* Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 12, 2023 Special Meeting scheduled for January 19, 2023 (3 rd Thursday) (REMOTE)	Board	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2023 (Annual) • Brown Act / AB 2449 – New Legislation on Teleconferencing Meetings • 2022 Year End Review: Customer Care and Marketing • Support Legislation to extend sunset (BioMAT program) • Long-term Power Portfolio Update • Quarterly Customer Participation Update 	<ul style="list-style-type: none"> • Action • Nominations • Discussion/Action • Information • Action • Information • Information
January 26, 2023 (REMOTE)	Advisory Committee	<ul style="list-style-type: none"> • Legislative Summary/Update (Pacific Policy Group) • 2023 Customer Rate update • Forecasting Customer Ag Energy using hydrological conditions (research results) presentation • Task Group Formation • Quarterly Customer Participation Update 	<ul style="list-style-type: none"> • Information • Information • Information • Discussion/Action • Information
February 9, 2023 (IN PERSON)	Board (Davis)	<ul style="list-style-type: none"> • Legislative & Regulatory Updates • Update on 2023 PCIA and Rates • Update on SACOG Grant – Electrify Yolo • Strategic Plan Update (Annual) • Enterprise Risk Oversight Committee (EROC) proposed modifications 	<ul style="list-style-type: none"> • Information • Information • Information • Information • Discussion/Action
February 23, 2023 (Remote)	Advisory Committee	<ul style="list-style-type: none"> • Strategic Plan update (Annual) • Update on 2023 PCIA and Rates 	<ul style="list-style-type: none"> • Information/Discussion • Information
March 9, 2023 (IN PERSON)	Board (Woodland)	<ul style="list-style-type: none"> • Meeting cancelled due to lack of agenda items. 	

March 23, 2023 (IN PERSON)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled due to lack of agenda items. 	
April 13, 2023	Board (Davis)	<ul style="list-style-type: none"> Update on SACOG Grant – Electrify Yolo Calendar Year 2023 Audited Financial Statements (James Marta & Co.) Receive Enterprise Risk Management Report (Bi-Annual) SMUD: Amendment(s) to update Agreement 	<ul style="list-style-type: none"> Information Action Information Discussion/Action
April 27, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update EV Rebates Program 	<ul style="list-style-type: none"> Information Information/Discussion/Action
May 11, 2023	Board (Woodland)	<ul style="list-style-type: none"> Meeting cancelled. 	
May 25, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled due to schedule conflict. 	
June 8, 2023 Meeting Cancelled 5-Year Anniversary Celebration and Special Board meeting: June 15, 2023	Board (Davis) Veterans Memorial Center	<ul style="list-style-type: none"> Re/Appointment of Members to Community Advisory Committee (Annual) Customer Participation Update EV Rebates Program Mid-Year 2023 Financial Update VCE’s 5-Year Anniversary 	<ul style="list-style-type: none"> Action Information Discussion/Action Information Information
June 22, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Dividend and Programs Allocation Strategic Plan update (Guidelines) Power Procurement / Renewable Portfolio Standard Update 80% Renewable by 2030 Policy. (<i>placeholder</i>) 	<ul style="list-style-type: none"> Discussion Discussion Information Discussion/Action
July 13, 2023	Board (Woodland)	<ul style="list-style-type: none"> Status of SACOG Grant – Electrify Yolo Customer Participation Update Customer Dividend and Programs Allocation Strategic Plan update (Guidelines) Power Portfolio Renewable Content (<i>placeholder</i>) 80% Renewable by 2030 Policy. (<i>placeholder</i>) 	<ul style="list-style-type: none"> Information/Discussion/Action Information Discussion/Action Discussion/Action Information/Discussion Discussion/Action

July 27, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled. 	
August 10, 2023	Board (Davis)	<ul style="list-style-type: none"> Meeting cancelled. 	
August 24, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update Strategic Plan Draft Programs Update 	<ul style="list-style-type: none"> Information Discussion/Action Discussion/Action
September 14, 2023	Board (Woodland)	<ul style="list-style-type: none"> Certification of Standard and UltraGreen Products / 2022 Power Content Label (Annual) Enterprise Risk Management update (Bi-annual) Strategic Plan final draft Renewable Product Content Category options Electric Vehicle Rebate Program – Phase 2 	<ul style="list-style-type: none"> Action Information Discussion/Action Discussion/Action Discussion/Action
September 28, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Progress update on 3-Year Programs Plan and Introduction to 2024 Program concepts 	<ul style="list-style-type: none"> Information/Discussion
October 12, 2023	Board (Davis)	<ul style="list-style-type: none"> Update on SACOG Grant – Electrify Yolo 2023 Operating Budget update and 2024 preliminary Operating Budget Customer Participation Update Progress update on 3-Year Programs Plan and 2024 program concepts Legislative End of Session update 	<ul style="list-style-type: none"> Information Information Information Discussion/Action Information
October 26, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Update on 2022 Power Content Label Customer Participation Update Review CAC Task Group Year-end Reports Draft 2024 Legislative Platform Solar Billing Plan (SBP)/ Net Billing Tariff (NBT) 	<ul style="list-style-type: none"> Information Information Discussion Discussion/Action Discussion
November 9, 2023	Board (Woodland)	<ul style="list-style-type: none"> 2024 Operating Budget Update 2024 Legislative Platform Solar Billing Plan (SBP)/ Net Billing Tariff (NBT) 	<ul style="list-style-type: none"> Information/Discussion Discussion/Action Discussion/Action

November 23, 2023 November 16, 2023 (rescheduled to November 16 th due to the Thanksgiving holiday on Nov. 23 rd .)	Advisory Committee (Woodland, Cache Creek Room, 292 W. Beamer St.)	<ul style="list-style-type: none"> GHG Free Attributes Legislative End of Session update 2024 Budget Update/Preview 	<ul style="list-style-type: none"> Information Information Information
December 14, 2023	Board (Davis)	<ul style="list-style-type: none"> Approve 2024 Operating Budget (Annual) and 2024 Customer Rates GHG Free Attributes Receive CAC Year-end Task Group Reports 	<ul style="list-style-type: none"> Discussion/Action Action Information
December 28, 2023 (rescheduled to December 21, 2023)	Advisory Committee (Winters, Community Center – Main Hall)	<ul style="list-style-type: none"> 2024 CAC Task Group(s) formation (Annual) Election of Officers for 2024 (Annual) Power Procurement / RPS update AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works 	<ul style="list-style-type: none"> Discussion/Action Nominations Information Information
January 11, 2024	Board (Woodland)	<ul style="list-style-type: none"> Oaths of Office for Board Members (Annual - new Members only) Election of Officers for 2024 (Annual) Customer Participation Update 2023 Year End Review: Customer Care and Marketing 	<ul style="list-style-type: none"> Action Nominations Information Information
January 25, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Rates/Budget 2024 update Quarterly Customer Participation update Brown Act/Social Media AB 2449 Review Task Group “Charges” 	<ul style="list-style-type: none"> Information Information Information Discuss/Action

Notes: 1. CalCCA Annual Meeting scheduled for April 16-19, 2024 (San Jose).

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<i>ESTIMATED MEETING DATE(S)</i>
Strategic Plan (Annual Report) to Board and CAC	February 2024
Electric Vehicle Rebate Program – Phase 2	TBD
Regionalization (Information)	TBD
Self Generation Incentive Program (SGIP)	
Agri-voltaics (for information only)	
Legislative Items (as needed)	

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 5**

TO: Board of Directors

FROM: Mitch Sears, Executive Director
Edward Burnham, Finance and Operations Director

SUBJECT: Financial Update – October 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2023

DATE: December 14, 2023

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of October 1, 2023 to October 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2023.

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, 2023.

Financial Statements for the period October 1, 2023 – October 31, 2023

In the Statement of Net Position, VCE, as of October 30, 2023, has a total of \$20,566,948 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$2,596,549 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of October 30, 2023 a total of \$9,987. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$271,108. On October 31, 2022, VCE's net position was \$27,828,963.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 9,069,660 of revenue (net of allowance for doubtful accounts), of which \$8,612,012 was billed in October, and \$4,883,354 represent estimated unbilled revenue. The cost of electricity for the October revenue totaled \$7,894,881. For October, VCE's gross margin was approximately 13% and the net income totaled \$853,259. The year-to-date change in net position was 12,418,429.

In the Statement of Cash Flows, VCE cash flows from operations were \$2,981,756 due to October cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending October 31, 2023

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

- Electric Revenue – (\$6,442,406) and -7% – Unfavorable variance due to retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – (\$786,459) and -1% – unfavorable variance due to gas prices driving short-term power market increases during winter offset by lower load than forecasted.
- Salaries – \$52,293 and 5% favorable variance open positions for part-time Regulatory Analyst and Office Support Specialist.
- CC Power – (\$59,263) and 282% unfavorable variance related to PPA contract participation.
- Wholesale Energy Services – (\$340,912) and -42% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$101,982 and 40% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$94,779) and -188% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$113,424 and 83% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$81,091 or 68% favorable variance due to timing difference.
- Contingency – (\$200,00) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 1) Financial Statements (Unaudited) October 1, 2023 to October 31, 2023 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending October 31, 2023



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2023

PREPARED ON DECEMBER 5, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
OCTOBER 31, 2023
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	20,566,948
Accounts receivable, net of allowance		12,178,830
Accrued revenue		564,497
Prepaid expenses		116,041
Inventory - Renewable Energy Credits		600,000
Other current assets and deposits		2,227,703
Total current assets		<u>36,254,019</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		2,596,549
Total restricted assets		<u>3,696,549</u>
TOTAL ASSETS	\$	<u>39,950,568</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	381,777
Accrued payroll		76,136
Interest payable		1,108
Due to member agencies		9,987
Accrued cost of electricity		7,469,137
Other accrued liabilities		2,040,441
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		71,911
Limited Term Loan		271,108
TOTAL LIABILITIES	\$	<u>12,121,605</u>

NET POSITION

Net position:

Local Programs Reserve	\$	224,500
Restricted		3,696,549
Unrestricted		23,907,914
TOTAL NET POSITION	\$	<u>27,828,963</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF OCTOBER 1, 2023 TO OCTOBER 31, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING OCTOBER 31, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 9,069,660	\$ 78,954,737
Other revenue	70,500	701,719
TOTAL OPERATING REVENUES	9,140,160	79,656,456
OPERATING EXPENSES		
Cost of electricity	7,894,881	61,969,245
Contract services	217,113	2,685,451
Staff compensation	107,036	1,170,963
General, administration, and other	110,013	1,630,871
TOTAL OPERATING EXPENSES	8,329,043	67,456,530
TOTAL OPERATING INCOME (LOSS)	811,117	12,199,926
NONOPERATING REVENUES (EXPENSES)		
Interest income	43,082	232,873
Interest and related expenses	(940)	(14,371)
TOTAL NONOPERATING REVENUES (EXPENSES)	42,142	218,502
CHANGE IN NET POSITION	853,259	12,418,429
Net position at beginning of period	26,975,704	15,410,534
Net position at end of period	\$ 27,828,963	\$ 27,828,963

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING OCTOBER 31, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 11,210,609	\$ 80,749,939
Payments received from other revenue sources	70,500	701,719
Payments to purchase electricity	(7,885,956)	(59,709,133)
Payments for contract services, general, and administration	(322,381)	(3,616,800)
Payments for staff compensation	(91,016)	(1,211,112)
Other cash payments	-	(268,507)
Net cash provided (used) by operating activities	2,981,756	16,914,613
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,726)	(259,860)
Interest and related expenses	(939)	(15,505)
Net cash provided (used) by non-capital financing activities	(45,665)	(275,365)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	43,082	232,872
Net cash provided (used) by investing activities	43,082	232,872
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,979,173	16,603,613
Cash and cash equivalents at beginning of period	21,284,324	108,877,956
Cash and cash equivalents at end of period	24,263,497	125,481,570
Cash and cash equivalents included in:		
Cash and cash equivalents	20,566,948	20,566,948
Restricted assets	3,696,549	3,696,549
Cash and cash equivalents at end of period	\$ 24,263,497	\$ 24,263,497

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING OCTOBER 31, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 811,117	\$ 12,199,926
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		
(Increase) decrease in net accounts receivable	2,707,766	(1,093,743)
(Increase) decrease in accrued revenue	(586,161)	2,865,900
(Increase) decrease in prepaid expenses	(21,918)	(116,041)
(Increase) decrease in inventory - renewable energy credits	(600,000)	(600,000)
(Increase) decrease in other assets and deposits	-	(268,507)
Increase (decrease) in accounts payable	14,910	(17,757)
Increase (decrease) in accrued payroll	16,020	(40,149)
Increase (decrease) in due to member agencies	-	(196,457)
Increase (decrease) in accrued cost of electricity	608,925	2,860,112
Increase (decrease) in other accrued liabilities	11,753	1,029,777
Increase (decrease) in user taxes and energy surcharges	19,344	23,045
Net cash provided (used) by operating activities	\$ 2,981,756.00	\$ 16,646,106.07

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 10/31/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 83,273,594	\$ 89,716,000	\$ (6,442,406)	-7%
Other Revenues - Programs	\$ 701,719	\$ 550,000	\$ 151,719	28%
Interest Revenues	\$ 232,872	\$ 35,000	\$ 197,872	565%
Purchased Power	\$ 61,893,459	\$ 61,107,000	\$ (786,459)	-1%
Purchased Power Base	\$ 61,893,459	\$ 58,196,000	\$ (3,697,459)	-6%
Purchased Power Contingency 2%	\$ -	\$ 2,911,000	\$ 2,911,000	100%
Labor & Benefits	\$ 1,172,679	\$ 1,202,000	\$ 29,321	2%
Salaries & Wages/Benefits	\$ 947,707	\$ 1,000,000	\$ 52,293	5%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 25,000	\$ 25,000	100%
Human Resources & Payroll	\$ 224,972	\$ 177,000	\$ (47,972)	-27%
Office Supplies & Other Expenses	\$ 253,197	\$ 176,800	\$ (76,397)	-43%
Technology Costs	\$ 39,028	\$ 35,800	\$ (3,228)	-9%
Office Supplies	\$ 9,107	\$ 2,000	\$ (7,107)	-355%
Travel	\$ 15,724	\$ 5,000	\$ (10,724)	-214%
CalCCA Dues	\$ 107,520	\$ 111,000	\$ 3,480	3%
CC Power	\$ 80,263	\$ 21,000	\$ (59,263)	-282%
Memberships	\$ 1,555	\$ 2,000	\$ 445	22%
Contractual Services	\$ 2,501,051	\$ 2,412,600	\$ (88,451)	-4%
Other Contract Services	\$ -	\$ 22,000	\$ 22,000	100%
Don Dame	\$ 3,364	\$ 9,000	\$ 5,636	63%
SMUD - Credit Support	\$ 152,418	\$ 254,400	\$ 101,982	40%
SMUD - Wholesale Energy Services	\$ 1,159,212	\$ 818,900	\$ (340,312)	-42%
SMUD - Call Center	\$ 717,209	\$ 697,500	\$ (19,709)	-3%
SMUD - Operating Services	\$ 148,179	\$ 53,400	\$ (94,779)	-177%
Commercial Legal Support	\$ 28,220	\$ 25,000	\$ (3,220)	-13%
Legal General Counsel	\$ 22,576	\$ 136,000	\$ 113,424	83%
Regulatory Counsel	\$ 139,651	\$ 175,000	\$ 35,349	20%
Joint CCA Regulatory counsel	\$ 25,719	\$ 28,000	\$ 2,281	8%
Legislative - (Lobbyist)	\$ 55,000	\$ 55,000	\$ -	0%
Accounting Services	\$ 10,542	\$ 24,000	\$ 13,458	56%
Financial Consultant	\$ -	\$ 35,000	\$ 35,000	100%
Audit Fees	\$ 38,960	\$ 79,400	\$ 40,440	51%
Marketing	\$ 251,762	\$ 220,000	\$ (31,762)	-14%
Marketing Collateral	\$ 220,980	\$ 210,000	\$ (10,980)	-5%
Community Engagement Activities & Sponsorships	\$ 30,782	\$ 10,000	\$ (20,782)	-208%
Program Costs	\$ 936,101	\$ 695,000	\$ (241,101)	-35%
Program Costs	\$ 169,596	\$ 145,000	\$ (24,596)	-17%
Programs - EV	\$ 115,105	\$ -	\$ (115,105)	100%
Programs - AgFIT	\$ 642,428	\$ 550,000	\$ (92,428)	-17%
Programs - Heat Pump	\$ 8,972	\$ -	\$ (8,972)	100%
Rents & Leases	\$ 23,076	\$ 22,000	\$ (1,076)	-5%
Hunt Boyer Mansion	\$ 23,076	\$ 22,000	\$ (1,076)	-5%
Other A&G	\$ 349,925	\$ 455,800	\$ 105,875	23%
Development - New Members	\$ -	\$ 21,000	\$ 21,000	100%
Strategic Plan Implementation	\$ 38,909	\$ 120,000	\$ 81,091	68%
PG&E Data Fees	\$ 198,748	\$ 230,000	\$ 31,252	14%
Insurance	\$ 29,400	\$ 9,500	\$ (19,900)	-209%
Banking Fees	\$ 82,868	\$ 75,300	\$ (7,568)	-10%
Miscellaneous Operating Expenses	\$ 2,311	\$ 6,000	\$ 3,689	61%
Contingency	\$ -	\$ 200,000	\$ 200,000	100%
TOTAL OPERATING EXPENSES	\$ 67,383,560	\$ 66,497,200	\$ (886,360)	-1%
Interest on RCB loan	\$ 14,371	\$ 15,900	\$ (1,529)	-10%
Interest Expense - Bridge Loan	\$ -	\$ 40,000	\$ (40,000)	-100%
NET INCOME	\$ 16,810,254	\$ 23,747,900	\$ (6,937,646)	-29%

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: December 14, 2023

Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continue to meet and discuss legislative matters. Below is a summary:

The 2024 legislative calendar has been published and January 3, 2024, marks the Legislature's return to Sacramento. As 2024 is the second year of the two-year session, a number of two-year bills must pass their house of origin by January 31, 2024, in order for those legislative vehicles to remain active. The two-year bill process in January is dictating the Senate Pro Tem transition as Senator McGuire will take over as Pro Tem on February 5, 2024. Committee chair and rosters are anticipated to be revamped following this transition.

In addition to consideration of two-year bills, January will bring about Governor Newsom's proposal for the 2024-25 state budget. The Legislative Analyst's Office (LAO) has issued an analysis of the final tax filing deadline in November and the outlook is bleak. Revenues came in \$26 billion short of projection for 2022 filings and the LAO is forecasting a \$68 billion deficit that the Legislature and Governor will need to resolve in the 2024-25 budget process. Governor Newsom is required to issue a budget proposal by January 10, 2024, and the Legislature must respond with its own budget proposal by June 15, 2024. With such a large deficit to resolve, well beyond the \$30 billion plus in reserves, the budget process is sure to be full of controversy.

Adding to the complication of the budget process is that the Assembly will have a new budget chair in Assemblymember Jesse Gabriel (Encino). Just before Thanksgiving, Speaker Rivas announced committee chairs for the 2024 session with considerable turnover compared to last year. Of most importance to VCE is the naming of Assemblymember Cottie Petrie-Norris (Irvine) to be chair of Assembly Utilities & Energy (U&E). Ms. Petrie-Norris was not previously on U&E so her views on energy policy are not as readily available. Full committee rosters have yet to be released, but it was announced that former U&E chair Assemblymember Garcia is no longer on the committee. Lastly, Assemblymember Buffy Wicks (Berkeley) has been named chair of Assembly Appropriations, one of the most, if not the most, powerful committees in the Assembly.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: December 14, 2023

Please find attached Keyes & Fox’s November 2023 Regulatory Memorandum dated December 6, 2023 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 6, 2023.

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
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: December 6, 2023

Keyes & Fox LLP and EQ Research LLC are pleased to provide VCE's Board of Directors with this informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC) over the past month.

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, aspects of the new Voluntary Allocation/Market Offer (VAMO) process, and other tariffs for the purchase of renewable energy.

Recent Developments: On November 8, the ALJ issued a [Proposed Decision](#) on Draft 2023 RPS Procurement Plans that would adopt VCE's Draft 2023 RPS Procurement Plan as updated in August without any changes or corrections. Comments on the Proposed Decision were filed on November 28 and reply comments were filed on December 4.

[Opening Comments](#) of the Joint Parties (including multiple CCAs) argued that the Proposed Decision should accept and deem as final the CCA and ESP RPA Plans that do not require corrections. A November 29 Ruling addressed confidentiality motions regarding 2022 Final RPS Procurement Plans found no deficiencies or need for corrections or modifications to VCE's public Final 2022 Draft RPS Procurement Plan and the associated confidentiality motion.

Analysis: VCE's Updated Draft 2023 RPS Procurement Plan was not identified as requiring any corrections or modifications in the Proposed Decision.

Next Steps: The Proposed Decision is scheduled to be heard at the December 14 Commission meeting. Final 2023 RPS Procurement Plans will be due 30 days following issuance of a final decision on draft plans.

Additional Information: ALJ [Ruling](#) (Nov. 29, 2023); Joint Parties' [Opening Comments](#) (Nov. 28, 2023); [Proposed Decision](#) (Nov. 8, 2023); [D.23-10-006](#) (Oct. 18, 2023); PG&E [VAMO Report](#) (Sep. 28, 2023); VCE [Updated Draft 2023 RPS Procurement Plan](#) (Aug. 29, 2023); VCE's [Amended Final 2022 RPS Procurement Plan](#) (May 2, 2023); [Scoping Memo](#) (Apr. 6, 2022); Docket No. [R.18-07-003](#).

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. VCE is a party to this proceeding as its scope relates to VCE's AgFIT dynamic rates Pilot. Phase 1-Track A will establish an income-graduated fixed charge for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and is now considering broad expansion of VCE's AgFIT Pilot.

Recent Developments: Reply briefs on Track A were filed November 3. CalCCA's [Reply Brief](#) on income-graduated fixed charges argued that the Commission should reject proposals to include the PCIA among the costs collected through income-graduated fixed charges. Comments on the Track B Working Group proposals were filed on November 13. CalCCA's [Comments](#) on Track B Working Group proposals emphasized the importance of data collection and sharing between IOUs and CCAs for the successful implementation of real-time pricing (RTP) rates, recommended adoption of the CEC's Market Informed Demand Automation Server system and the Energy Division's price machine proposal, argued that IOUs should be required to share customer usage data with CCAs, and suggested that all LSEs should be able to recover shared categories of costs for the development of systems and processes through the same rate mechanism. VCE held an ex parte meeting with the Chief Policy Advisor to CPUC President Alice Reynolds on November 13.

Analysis: The Staff Proposal's Expanded Pilot #1 would open up AgFIT to all bundled and unbundled customers in PG&E territory and all types of agricultural load, lift the 5 MW cap and extend the length of this pilot by 3 years. The Staff Proposal's Expanded Pilot #2 would apply the AgFIT model within PG&E territory to medium and large commercial customers and residential customers on EV charging, home battery and electric heat pump rates. In Track A, the gradual

move towards IGFCs will provide additional time for consideration and analysis prior to full implementation of this novel approach to aligning the structure of retail electric rates with utility cost structures while recognizing the importance of access to affordable electricity and ensuring that the changes to rate structures does not disproportionately harm large numbers of ratepayers. In its Track A [reply brief](#), CalCCA recommended that the Commission reject proposals to include the PCIA recovery as part of the income-graduated fixed charge.

Next Steps: A proposed decision on the Staff Proposal to expand AgFIT is currently expected in late December or early January. Reply comments on the Track B Working Group proposals are due December 22. In Track A, a proposed decision on income-graduated fixed charges is expected in March or April of 2024.

Additional Information: CalCCA [Comments](#) on Working Group Report (Nov. 13, 2023); CalCCA [Reply Brief](#) on Income Graduated Fixed Charges (Nov. 3, 2023); VCE [Response](#) to Track B Reply Comments (Oct. 25, 2023); VCE [Pilot Budget Information](#) (Oct. 13, 2023); VCE [Reply Comments](#) on Track B (Oct. 9, 2023); [VCE Comments](#) (Sep. 25, 2023); ALJ [Ruling](#) (Aug. 25, 2023); ALJ [Ruling](#) (Aug. 22, 2023); ALJ [Ruling & Staff Proposal](#) (Aug. 15, 2023); [D.23-04-040](#) on electric rate design principles (May 3, 2023); [D.23-04-008](#) (Apr. 14, 2023); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, and ongoing reliability obligations.

Recent Developments: After withdrawing the previous [Proposed Decision](#) (issued August 24) that would have denied the [Petition for Modification](#) (PFM) of [D.22-05-015](#) filed jointly by San Diego Clean Power and Clean Energy Alliance on October 28, 2022, a new [Proposed Decision](#) was issued on November 9 that would grant the PFM and allow LSEs to purchase additional resource adequacy capacity with the same provisions as detailed in [D.22-05-015](#) for load being served based on the 2023 resource adequacy year-ahead load forecast rather than the actual load being served at the time [D.22-05-015](#) was issued, beginning for the 2025 resource adequacy showings and continuing through the life of the contracts. Comments on the Proposed Decision were filed on November 29. Parties filed comments on the Proposed 2023 Preferred System Plan (PSP) and Transmission Planning Process (TPP) portfolios on November 13, and reply comments on December 1. CalCCA's [Comments](#) on the 2023 PSP and TPP process were generally supportive of the Commission's proposed approach but recommended that the Commission ensure LSEs have flexibility in "out" years to optimize their portfolios, and recommended that the Commission reject the extension to long lead-time resource procurement. On December 1, VCE and other LSEs submitted their incremental procurement compliance filing reports.

Analysis: The new Proposed Decision increases the amount of RA capacity available for purchase from IOUs and should provide some reduction in the RA supply/demand imbalance, as well as lower total RA costs for LSEs with customers that depart CCA service after 2019.

Next Steps: The Proposed Decision is scheduled to be heard at the December 14 Commission meeting. A proposed decision on the May 30 Petition for Modification regarding long lead-time resource compliance deadlines is expected soon. A staff proposal on the Reliable and Clean Power Procurement Plan was expected to be released during the third quarter but has been delayed. In Q4, the Commission will analyze the need for backstop procurement under [D.19-11-016](#). The final PSP portfolio and other procurement obligations will be finalized early next year for LSE use in preparing 2024 IRP filings. VCE's next IRP will be due in November 2024.

Additional Information: CalCCA [Comments](#) (Nov. 13, 2023); [Proposed Decision](#) (Nov. 9, 2023); ALJ [Ruling](#) and [Supporting Material](#) (Oct. 5, 2023); [Scoping Memo and Ruling](#) (Aug. 21, 2023); [Joint Expedited Petition for Modification](#) (Aug. 9, 2023); [Petition for Modification](#) (May 30, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); ALJ [Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper](#) (Sep. 8, 2022); [D.22-05-015](#) (May 23, 2022); [D.21-06-035](#) (Jun. 30, 2021); [Scoping Memo](#) (Sep. 24, 2020); Docket No. [R.20-05-003](#).

RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework.

Recent Developments: Opening comments on the [Order Instituting Rulemaking](#) (OIR) were filed on November 8 and reply comments were filed on November 20. CalCCA's [Opening Comments](#) highlighted the difficulties faced by every LSE in fulfilling RA requirements given the imbalance between RA supply and demand and emphasized the current record-high prices for RA. CalCCA also encouraged prioritizing the SOD framework, counting for hydro resources to ensure there is no stranded RA during times of above-average output, revisiting the CPE model, and items related to compliance and penalties. Year-ahead SOD test-year filings were made on November 30.

Analysis: The 2024 RA year is the final year of the current RA system and the test year for the SOD RA system that will formally begin with the 2025 RA year. The preliminary scope for this proceeding includes issues such as the adoption of

local and flexible capacity requirements, potential modifications to the Loss of Load Expectation Study and Planning Reserve Margin, potential modifications to the SOD framework, and potential modifications to the RA penalty structure, among other issues.

Next Steps: A scoping memo and ruling are expected to be issued in December. Party proposals on the Loss of Load Expectation Study and the SOD framework are due January 19, 2024. An Energy Division report on the SOD Framework is due by February 1 and will be followed by workshops later in February. Comments on party proposals are due February 23 and reply comments are due March 8.

Additional Information: Cal CCA [Opening Comments](#) on OIR (Nov. 8, 2023); ALJ [Ruling](#) (Oct. 27, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

RA Rulemaking (2023-2024)

Background: This proceeding considers resource adequacy (RA) requirements in years 2023-2024 for LSEs and introduced the Central Procurement Entity (CPE) to ensure grid reliability and sufficient capacity. The proceeding is divided into an implementation track and a reform track.

Recent Developments: No recent developments this past month.

Analysis: No significant changes were made to the RA templates or filing guide for the 2024 RA year. The Commission has not yet issued a Proposed Decision on CalCCA's Application for Rehearing of D.23-06-029, which contested the Commission's 2-year ban on CCA expansion as a result of RA deficiencies.

Next Steps: D.23-06-029 closed the proceeding, but it has been reopened to address the Petitions for Modification and Applications for Rehearing.

Additional Information: CLECA [Petition for Rehearing](#) (Aug. 24, 2023); Demand Response providers' [Application for Rehearing](#), [Joint Motion for Rehearing](#), [Motion for Partial Stay](#) (Aug. 4, 2023); CalCCA [Application for Rehearing](#) of D.23-06-029 (Jul. 26, 2023); [D.23-06-029](#) (Jul. 5, 2023); [D.23-04-010](#) on Reform Track Phase 2 (Apr. 7, 2023); [D.22-12-028](#) (Dec. 19, 2022); [Amended Scoping Memo and Ruling](#) (Sep. 2, 2022); Docket No. [R.21-10-002](#).

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program, potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

Recent Developments: A November 7 ALJ [Ruling](#) on the Microgrid Resources Coalition's and other stakeholders' October 31 motion extended the deadline for parties to propose their own multi-property microgrid tariff to December 15. Reply comments on the IOU's microgrid tariff proposals were filed on November 13.

Analysis: The Multi-Property Microgrid Tariff is intended to reduce barriers to microgrid deployment and enable microgrids to increase resiliency by allowing local generation and storage resources to be used in participating areas to serve more than two real property parcels. The IOUs' proposed tariff still provides control to the IOUs over when and how microgrids operate, and as the Microgrid Resources Coalition described in its October 27 [comments](#) on the IOUs' proposal 1) denies communities local control over their energy needs, and 2) undermine the viability of the microgrid business model. However, recent developments provide opportunities for parties to voluntarily submit their own tariff proposals as a counterpoint to those proposed by the IOUs.

Next Steps: Voluntary stakeholder Pro-Forma Standard Microgrid Multi-Property Tariff proposals are due December 15. Opening comments on other stakeholders' multi-property tariff proposals are due January 12 and reply comments are due January 26. Energy Division will host a public workshop on stakeholders' tariff proposals in March 2024. The Joint Application for Rehearing is pending.

Additional Information: ALJ [Ruling](#) (Nov. 7, 2023); Joint Parties' [Motion](#) (Oct. 31, 2023); ALJ [Ruling](#) (Oct. 23, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); PG&E [AL 7042-E](#) (Oct. 11, 2023); IOUs' updated [Tariff](#) (Oct. 9, 2023); CPUC [letter](#) (Sep. 5, 2023); ALJ [Ruling](#) (Aug. 8, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [Draft Resolution M-4868](#) (Jun. 9, 2023); [Joint Application for Rehearing](#) (May 15, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); [Scoping Memo](#) (Dec. 17, 2021); Docket No. [R.19-09-009](#).

Wildfire Fund NBC 2024-2026

Background: This rulemaking will set the Wildfire Fund nonbypassable (NBC) charge for the years 2024 through 2026. This charge was established by Assembly Bill 1054 (Stats. 2019, ch. 79), and is a per-kilowatt-hour charge set annually based on the Fund's revenue requirement request from the Department of Water Resources (DWR).

Recent Developments: [D.23-11-090](#) was issued on December 4 and adopted a 2024 Wildfire Non-Bypassable Charge (NBC) of \$5.61/MWh, or \$0.00561/kWh.

Analysis: The 2024 NBC of \$5.61/MWh, or \$0.00561/kWh, is expected to produce \$889 million along with the projected \$14 million carry over from 2023, resulting in the \$902.4 million revenue requirement for 2024.

Next Steps: The next 90-day Notice for the 2025 Wildfire NBC is expected in September 2024.

Additional Information: [D.23-11-090](#) (Dec. 4, 2023); [Revised Proposed Decision](#) (Nov. 22, 2023); ALJ [Ruling](#) and [90-day Notice](#) (Sep. 8, 2023); [Scoping Memo and Ruling](#) (May 22, 2023); [Order Instituting Rulemaking](#) (Mar. 21, 2023); Docket No. [R.23-03-007](#).

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026).

Recent Developments: [D.23-11-069](#) was issued on November 17. The Decision increases PG&E's 2023 revenue requirement by \$1.3 billion, or 10.7%, above the 2022 level, and provides an additional \$716 million increase in revenue requirement in 2024 plus an additional \$359 in 2025.

Analysis: On the CCAs' issues, the Commission (1) declined to re-vintage the 12 hydro assets at issue in the case, and (2) approved the portion of the CCAs' proposed re-vintaging framework that requires PG&E to submit testimony in future GRCs when it is undertaking certain new investments in utility-owned generation (to justify its requested vintaging treatment for those investments).

Next Steps: For the EV Phase II portion of the proceeding, rebuttal testimony is due December 8, briefs are due January 19, and a proposed decision is expected in April 2024.

Additional Information: [D.23-11-069](#) / [Appendices](#) (Nov. 17, 2023); [Second Amended Scoping Memo and Ruling](#) (Oct. 10, 2023); [Illustrative rates](#) (Sep. 27, 2023); [Scoping Memo and Ruling](#) (Sep. 5, 2023); PG&E's [Amended Application](#) (Mar. 10, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

PG&E 2024 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

Recent Developments: On November 15, PG&E submitted [AL 7066-E](#) with its Preliminary Annual Electric True-Up for changes to its rates effective on January 1, 2024. On November 28, the ALJ issued a [Proposed Decision](#) in PG&E's 2024 ERRA Forecast proceeding.

Analysis: The Proposed Decision would adopt a 12-month revenue requirement of \$2,711,285,000. For CCA customers, residential rates will decrease by \$0.0042/kWh, or -2.1%; CARE rates will decrease by \$0.0060/kWh, or -7.4%; and Non-CARE rates will decrease by \$0.0037/kWh, or -1.7%. The Proposed Decision also authorizes PG&E to recover the 2023 Trigger undercollection over a six-month period. On the CCAs' issues, the Commission approved PG&E's proposal to apply excess Renewable Energy Credits from prior years towards its forecast 2024 Minimum Retained RPS shortfall; charge bundled customers for those RECs at the 2024 RPS Adder; and credit PABA vintage for those RECs at the 2024 RPS adder, and approved PG&E's proposal to apply prior year excess RECs on a last-in first-out basis.

Next Steps: The Proposed Decision is scheduled to be heard at the December 14 Commission meeting. Reply comments on the Proposed Decision are due December 8.

Additional Information: [Proposed Decision](#) (Nov. 28, 2023); ALJ [Ruling](#) (Nov. 20, 2023); PG&E [AL 7066-E](#) (Nov. 15, 2023); PG&E [October Update](#) (Oct. 16, 2023); ALJ [Ruling](#) (Oct. 9, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger PG&E [Reply to Protest](#) (Aug. 15, 2023); ERRA Trigger CalCCA [Protest](#) (Aug. 10, 2023); [Scoping Memo and Ruling](#) (Aug. 3, 2023); ALJ [Ruling](#) (Aug. 1, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

PG&E 2020 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. Phase 1 of this proceeding concluded in April 2022 with issuance of [D.22-04-041](#) approving a settlement agreement. Phase 2 issues related to unrealized sales and revenues resulting from PG&E's Public Safety Power Shutoff (PSPS) events in 2020 are under consideration.

Recent Developments: On December 4, the CPUC issued a [Proposed Decision](#) that would close PG&E's ERRA compliance proceeding without addressing Phase Two issues, finding that the Phase 2 issues related to recovery of uncollected revenue during PSPS events are nearly identical to the 2019 ERRA proceeding.

Analysis: The Proposed Decision will close this proceeding without addressing the Phase 2 issues.

Next Steps: The Proposed Decision is scheduled to be heard at the December 14 Commission meeting.

Additional Information: [Proposed Decision](#) (Dec. 4, 2023); ALJ [Ruling](#) (Oct. 10, 2023); [D.22-08-009](#) extending statutory deadline (Aug. 11, 2022); [Scoping Memo and Ruling](#) (Jun. 21, 2021); [Application](#) (Mar. 1, 2021); Docket No. [A.21-03-008](#).

PG&E 2021 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: On November 9, the ALJ issued an e-mail [Ruling](#) modifying the procedural schedule in PG&E's 2021 ERRA Compliance proceeding.

Analysis: N/A

Next Steps: Opening briefs are now due on December 7, and reply briefs are due December 21. A proposed decision is expected by early 2024.

Additional Information: ALJ [Ruling](#) (Nov. 9, 2023); ALJ [Ruling](#) (Sep. 27, 2023); [ALJ Ruling](#) on schedule (Jan. 6, 2023); Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRA Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

PG&E 2022 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent development in the past month.

Analysis: N/A

Next Steps: The status conference is now scheduled for January 17, 2024 and the evidentiary hearing is now scheduled for January 24-25, 2024.

Additional Information: ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRA Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

Transportation Electrification

Background: This rulemaking implements transportation electrification (TE) programs, tariffs, and policies. [D.22-11-040](#) established a \$1 billion rebate program for behind-the-meter EV charging equipment, focused on medium-duty/heavy-duty vehicles and disadvantaged communities and a \$25 million pilot program for innovative, equity-focused TE programs administered by CCAs and community-based organizations.

Recent Developments: [D.23-11-009](#) was issued on November 9, modifying [D.22-11-040](#) to remove the requirement that the hiring of the statewide program administrator of the rebate program to be hired by SCE comply with state contracting requirements. On November 10, PG&E submitted [AL 7064-E](#), its request to continue the Low Carbon Fuel Standard Holdback Credit Implementation Plan Programs. On November 14, PG&E submitted a [letter](#) requesting an extension of time for the VGI pilot programs approved in Resolution E-5192. On November 17, PG&E submitted [AL 7071-E](#) on its 2023 Low Carbon Fuel Standard Implementation Plan. Also on November 17, the California Large Energy Consumers Association and the Energy Producers and Users Coalition filed a joint [Petition for Modification](#) (PFM) of [D.22-11-040](#) in which they requested that the Commission modify the Decision by replacing the equal cents per kWh cost allocation methodology with a system average percent change (SAPC) methodology in order to align the transportation electrification framework with the state's broader electrification and climate goals and to address growing reliability constraints.

Analysis: The recent Decision clarifies issues regarding the program administrator contracting requirements and is expected to allow program development and implementation to resume. The PFM's request to use the SAPC would preserve price signals by allocating costs to customer classes using the same percentage change rather than a fixed price amount, thereby maintaining proportionality of costs among customer classes.

Next Steps: The program administrator contract was delayed pending the clarification on contracting requirements provided in [D.23-11-009](#). The Vehicle-Grid Integration Forum is delayed until the first quarter of 2024.

Additional Information: [Petition for Modification](#) (Nov. 17, 2023); PG&E [AL 7071-E](#) (Nov. 17, 2023); PG&E [AL 7064-E](#) (Nov. 10, 2023); [D.23-11-009](#) (Nov. 9, 2023); IOUs [Workshop Report](#) (Oct. 31, 2023); [ALJ Ruling](#) (Oct. 24, 2023); PG&E [Semi-Annual Report](#) (Sep. 15, 2023); [Resolution E-5257](#) (Sep. 6, 2023); SCE's [Motion for Clarification](#) (Jun. 7, 2023); SCE's [Petition for Modification](#) (May 25, 2023); VCE's [Annual Vehicle-Grid Integration Report](#) (Mar. 15, 2023); [D.22-11-040](#) (Nov. 21, 2022); [Scoping Memo and Ruling](#) (May 2, 2019); Docket No. [R.18-12-006](#).

Demand Response Programs (2023-2027)

Background: This proceeding addresses the IOUs' Demand Response (DR) Portfolio Applications required under [D.17-12-003](#) for the years 2023-2027.

Recent Developments: Reply briefs on the Phase Two Demand Response Auction Mechanism (DRAM) were filed on November 3. On November 6, the CPUC issued a [Proposed Decision](#) on Phase 2 Demand Response (DR) Programs, Pilots, and Budgets for the years 2024-2027. The Proposed Decision finds that PG&E's proposed programs are cost effective and approves a \$616 revenue requirement to be recovered through distribution rates for its increase in demand response programs from 495 MW in 2022 to over 1,000 MW in 2027. Comments on the Proposed Decision were filed on November 28.

Analysis: The Proposed Decision ensures the cost-effectiveness of DR program portfolios, clarifies issues with customer participation in two simultaneous DR programs, allows more responsive programs by permitting funding shifts among programs within an IOU's program portfolio, and supports continued DR program development. These changes will help ensure that the DR program becomes increasingly effective as experience is gained and will increase the overall value of DR as a dependable resource.

Next Steps: Reply comments on the Proposed Decision on the 2024-2027 DR Programs are due December 5. The Proposed Decision is scheduled to be heard at the December 14 Commission meeting (). A proposed decision on the DRAM is expected in January 2024.

Additional Information: [Proposed Decision](#) (Nov. 6, 2023); ALJ [Ruling](#) (Aug. 24, 2023); [D.23-01-006](#) (Jan. 13, 2023); [Scoping Memo and Ruling](#) (Dec. 19, 2022); [D.22-12-009](#) (Dec. 6, 2022); [Ruling](#) consolidating Applications (May 25, 2022); PG&E [Application](#) (May 2, 2022); Docket No. [A.22-05-002](#).

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. [D.20-03-027](#) established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. [D.21-11-002](#) adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. The current Phase 3B will consider building decarbonization efforts regarding the reasonableness of modifying or ending electric line extension allowances, refunds, and discounts for "mixed-fuel" new construction (i.e., building projects that use gas and/or propane in addition to electricity).

Recent Developments: On November 3, the Commission issued a [Proposed Decision](#) aimed at resolving outstanding Phase 3B issues that would eliminate subsidies for electric line extensions in new construction that uses electricity and gas or propane. Comments on the Proposed Decision were filed on November 27 and reply comments were filed on December 4.

Analysis: The Proposed Decision would remove incentives for the future use of fossil fuels in new construction and support the transition to increased electricity use in lieu of new fossil fuel use in buildings.

Next Steps: The Proposed Decision is scheduled to be heard at the December 14 Commission meeting.

Additional Information: [Proposed Decision](#) (Nov. 3, 2023); [Amended Scoping Memo and Ruling](#) (Jul. 26, 2023); [D.23-02-005](#) (Feb. 3, 2023); [D.21-11-002 \(Appendices A-E\)](#) Decision on Building Decarbonization Phase II (Nov. 9, 2021); [D.20-03-027](#) Establishing Building Decarbonization Pilot Programs (Apr. 6, 2020); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

PG&E Asset Transfer

Background: This proceeding addresses PG&E's Application to transfer its non-nuclear generating assets to a new subsidiary, Pacific Generation, and sell up to 49.9% of its equity interest to third-party investors.

Recent Developments: On November 9, two tribal governments (Pit River Tribe and Potter Valley Tribe) filed motions for party status asserting their right of first refusal to purchase lands owned by Commission jurisdictional utilities under the Tribal Land Transfer Policy. PG&E and Pacific Generation filed a response in opposition to the tribal governments' motions the same day in which the companies argued that it would be prejudicial to their interests for the Commission to grant party status and take up the tribal governments' issues at this late stage in the proceeding.

Analysis: CalCCA's [Protest](#) of the Application expressed concerns regarding the limited information demonstrating that ratepayers would not be harmed by the transaction, the lack of transparency into ratemaking impacts and impacts on scheduling and reliability, and the implications of broader market structure impacts from the proposed transaction.

Next Steps: A proposed decision is expected in the next few months.

Additional Information: PG&E Response to [Pit River Tribe](#) and [Potter Valley Tribe](#) (Nov. 9, 2023); Motions for Party Status of [Potter Valley Tribe](#) and [Pit River Tribe](#) (Nov. 9, 2023); PG&E [Notice](#) (Jun. 8, 2023); ALJ [Ruling](#) (Mar. 30, 2023); [Scoping Memo and Ruling](#) (Jan. 20, 2023); PG&E [Application](#) (Sep. 28, 2022); Docket No. [A.22-09-018](#).

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's territory). Phase 1 of this proceeding will address POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on the Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: A proposed decision on CCA financial security requirement calculations was expected in October 2023 but has been delayed.

Additional Information: [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [Joint Case Management Statement – Appendix](#) (May 26, 2023); PG&E [AL 6939-E](#) (May 10, 2023); [ALJ Ruling](#) and [Staff Proposal](#) (Jan. 6, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: There is no current procedural schedule for this proceeding.

Additional Information: ALJ [Ruling](#) (May 8, 2023); [Draft Resolution SPD-3](#) (Sep. 16, 2022); ALJ [Ruling](#) (Sep. 13, 2022); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Other Dockets

The following table identifies other tracked dockets that are closed or inactive.

Docket	Name	Status
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006 , but SCE filed a Petition for Modification of D.23-06-006 on September 12 requesting clarification on certain points regarding the valuation of previously banked RECs.
I.15-08-019	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, the CPUC issued D.23-05-009 adopting the Safety Policy Division's Modified Staff Report and closing the proceeding.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group.
A.20-10-011	Commercial EV Real-Time Pricing Pilot	Opt-in enrollment for the real-time pricing export compensation pilot now begins in February 2024. D.23-07-003 closed the proceeding.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summary of Community Advisory Committee November 16, 2023 Meeting

DATE: December 14, 2023

This report summarizes the Community Advisory Committee’s meeting held in person and via Zoom webinar on Thursday, November 16, 2023.

- A. Received 2024 Budget update/preview.** VCE Director of Finance and Internal Operations Edward Burnham provided an overview of the draft 2024 operating budget, covering retail load, forecast of costs and key factors, cash reserves, and CPUC ERRA rate adoption. CAC and Staff discussed rates, credit rating, electricity usage, load impact, modeling, and Resource Adequacy (RA).
- B. Received Legislative End of Session update.** Mark Fenstermaker of Pacific Policy Group, VCE’s lobbyist consultant, provided a legislative update, including: upcoming changes in leadership, Budget, and bonds; reviewed Assembly Bill 1373 Central Procurement Entity and its impacts and the State’s budget outlook for 2024-2025; and, several items that will be monitored, such as Climate Bond, Clean Energy Reliability Investment Program Funding, Hydrogen Policy, and regional grid (West-Wide Governance Pathways Initiative).
- C. Review draft CAC Programs and Outreach Task Group Year-end Report.** CAC Member and Task Group Chair Dr. Keith Taylor reviewed highlights of the Programs and Outreach task group year-end report. The CAC briefly discussed accomplishments, lessons learned, challenges and opportunities. Several of the CAC Members will be getting together with staff to discuss ways to improve the effectiveness of the task group moving forward into 2024. The CAC made a motion to finalize the year-end report and send to the Board for their information at their December 2023 meeting. (7-0-0)
- D. Copy of CAC’s Task Group 2023 Year End Reports.** Attached are the following 2023 year end Task Group reports for your information:
 - **Legislative/Regulatory**
 - **Strategic Plan**
 - **Programs & Outreach**

Attachments:

1. Legislative/Regulatory Task Group 2023 Year End Report
2. Strategic Plan Task Group 2023 Year End Report
3. Programs & Outreach Task Group 2023 Year End Report

LEGISLATIVE/REGULATORY TASK GROUP 2023 YEAR END REPORT

Task Group Members: Lorenzo Kristov, Jennifer Rindahl, Carl Linvill (as of September 2023)

Primary Staff Contact: Mitch Sears, Yvonne Hunter

2023 Charge:

For the 2023 Legislative Session, work with VCE staff and VCE's lobbyist to:

- Provide feedback, technical information and strategic advice to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general in 2023, including legislation and regulatory issues related to VCE's Legislative Platform, Strategic Plan and Environmental Justice Statement.
- Provide periodic reports to the CAC about legislation and regulatory issues.
- Solicit recommendations from the CAC on VCE positions on key legislation and regulatory proceedings.
- Work with staff to consider options to enhance the Task Group's and CAC's understanding of regulatory proceedings.
- Contribute to VCE's engagement with legislators and other stakeholders.
- Discuss strategies to engage regulatory agencies and stakeholders to advance dynamic pricing programs, such as AgFIT, and other grid services opportunities, for VCE and other CCAs.
- Receive periodic updates and discuss CalCCA legislative priorities, emphasizing how VCE can most effectively contribute.
- Advise VCE staff on CalCCA's regulatory and legislative work, when appropriate.
- Work with staff to periodically review and update VCE's Legislative Platform for consideration by the CAC and VCE Board.

Highlights of Accomplishments in 2023

During 2023, the Leg/Reg Task Group met bi-weekly with staff and VCE's lobbyist and worked closely with them to:

1. Review pending legislation, provide feedback, technical and policy information, and strategic guidance on legislative and regulatory issues; discuss and recommend VCE positions and legislative strategies for pending legislation and regulatory issues. Special attention was devoted to discussing how VCE could best engage with CalCCA and other CCAs to address issues related to AB 1373 that were problematical to CCAs.
2. Provide input on selected regulatory proceedings of interest to VCE. These included the CPUC's dynamic pricing proceeding as well as the Resource Adequacy proceeding.
3. Discuss other regulatory proceedings of interest, including those at the CPUC related to micro-grids, virtual net metering for multi-family housing, and incorporation of fixed

charges in distribution rates, as well as proceedings at the CEC on SB-100 compliance and Community Energy Resilience Investment.

4. Discuss VCE's AgFIT program and its potential impacts on regulatory and legislative issues as well as how best to brief VCE's legislative representatives and area stakeholders about AgFIT.
5. Work with CalCCA on how best to incorporate AgFIT concepts into potential legislation or budget proposals.
6. Provide periodic updates to the CAC on key legislative and regulatory issues.
7. Receive and discuss periodic updates about CalCCA legislative activities, including critical opportunities for VCE to engage and lobby its legislators.
8. Discuss proposals to create a western regional transmission organization (RTO).
9. Prepare a draft 2024 Legislative Platform for CAC review and Board action.

Challenges

1. Identifying those legislative and regulatory topics where VCE has a significant interest and can make a difference given VCE's limited resources. This is particularly challenging with regard to CPUC proceedings because there are so many that affect retail electricity customers, they continue to proliferate, and there is no VCE staff person assigned to track regulatory activities.
2. Continuing to examine how best to work with CalCCA and other individual CCAs to expand dynamic pricing programs through the CPUC, CEC or other agencies.

Opportunities

1. Play a role in educating VCE staff, the CAC, VCE board and CalCCA about policy and regulatory developments to advance opportunities and benefits for deploying distributed energy resources (DER).
2. Play a role in educating VCE staff, the CAC, VCE board and CalCCA about the ongoing efforts to create a western regional transmission organization.
3. Continue to expand legislative opportunities in which VCE may become more engaged with CalCCA.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**STRATEGIC PLAN TASK GROUP (SPTG)
2023 YEAR END REPORT**

Task Group Members: Rahul Athalye, Marsha Baird, Lorenzo Kristov

Primary Staff Contact: Edward Burnham

2023 Charge:

The CAC Strategic Plan Task Group will assist VCE Staff with the planning and development of a rolling strategic plan and updates to current objectives through 2026. The current 3-year Strategic Plan covers 2021-23 and was approved by the Board on October 8, 2020.

Specifically, the Task Group will:

- (1) review existing organizational strategic documents – vision statement, mission statement, SWOT analysis, and strategic plan;
- (2) work with Staff to develop 2024-26 Strategic Plan objectives;
- (3) provide input and feedback to Staff on a working draft 2024-26 Strategic Plan to present to the CAC and Board;
- (4) collaborate with Staff develop guidelines for structure and best practices of rolling strategic plan for future years; and,
- (5) provide summaries and updates at monthly CAC meetings on Task Group activities.

Highlights of Accomplishments:

- Assisted Staff with the development of guidelines and a process for current and future updates to the VCE Strategic Plan. Discussed pros and cons of rolling annual updates vs. fixed periods, and concluded that fixed 4-year strategic plan periods would be preferable. With Staff, developed a timeline with minor and major updates to the Strategic Plan that complement and alternate with the IRP work every other year.
- Under the new guidelines, a review of organization strategic documents (vision statement, mission statement, SWOT analysis) will occur in 2025 with the next major update to the Strategic Plan for the 2026-29 period.
- The Strategic Plan guidelines and update process was presented at CAC and Board meetings for input and approval. It was endorsed by the CAC at the June 22nd CAC meeting and adopted by the Board at the July 13th Board meeting.

- Staff reviewed the current 2021-2023 Strategic Plan and prepared minor updates needed to extend the Plan out thru 2025. The SPTG discussed the proposed updates and provided feedback to Staff.
- The Strategic Plan extension through 2025 was presented at CAC and Board meetings for input and approval. It was endorsed by the CAC at the August 24th CAC meeting and adopted by the Board at the September 14th Board meeting.
- The SPTG will not be needed in 2024 but it will in 2025, and every 4 years thereafter.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**PROGRAMS AND OUTREACH TASK GROUP (POTG)
2023 YEAR END REPORT**

Task Group Members: Keith Taylor (Chair), Rahul Athalye, Mark Aulman, David Springer

Primary Staff Contact: Rebecca Boyles

2023 Charge:

The CAC Programs Task Group will collaborate with VCEA staff and consultants on policies, procedures and programs aimed at improving the customer experience and customer satisfaction in VCE, including:

1. Assist in the development of public information strategies, planning, and materials related to VCEA customer marketing, outreach, policies and programs. As requested by staff, review draft materials and provide comments as appropriate; assist with customer-facing community outreach to, and liaison with, member communities.
2. Help define audience segments within VCE's service area and consult on appropriate messages and communications approaches; provide a sounding board to assist in message development and copy testing. Conduct review of marketing materials at the draft (pre-release) stage upon request from staff.
3. Assist with identification of statewide program opportunities and development of strategies for disseminating information on eligibility, rebate amounts, stacked incentives, and other details; assist Staff with finding and applying for external funding for potential programs.
4. Collaborate with Staff on an annual update to the 3-year Programs Plan, discuss 2023 program implementation with Staff; assist with the update of 2022 program design/implementation forms and program prioritization for implementation in 2023.
5. As requested by the Director of Customer Care and Marketing, provide outreach and messaging support for the efforts of other CAC task groups, as well as outreach to VCE's participating jurisdictions to encourage collaborative dissemination regarding programs, energy savings tips, rebates/incentives etc. on their websites and social media platforms.
6. Provide summaries and updates at monthly CAC meetings on Task Group activities.

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Highlights of Accomplishments:

- Merged the Programs Task Group and Outreach Task Group together to finalize the amended charge for 2023.
- Recommended a \$20,000 budget increase to Phase 1 of the EV rebate program, launched in September 2022. As of today, 39 rebates totaling nearly \$120,000 have been issued, 10 of which went to low-income residents.
- Assisted in the development of Phase 2 of the EV rebate pilot program which will provide low-income residents with rebates of \$1500 to \$3000 depending on vehicle type. Additionally, it will provide rebates up to \$500 for home EV charging equipment and \$500 for panel upgrades, as well as multifamily housing charging infrastructure incentives of \$3000 per charger and up to \$21,000 per property. Twenty-five percent of the EV rebate funds will be prioritized for income-qualified applicants. Phase 2 is pending VCE Board approval. Additional Phase 2 program elements could include:
 - Incentives vehicle-to-grid integration
 - Incentives for non-residential vehicle chargingVCE's EV rebate program has relied on the California Clean Vehicle Project (CVRP) for qualifying applicants. Unfortunately, the CVRP funds were exhausted in September 2023, and the 2024 program will be limited to low-income applicants only. VCE customers have been able to join a wait list while adjustments to VCE's qualification process are under development.
- Participated in calls with program providers that administer incentives for the installation of heat pumps and heat pump water heaters. With the launch of the California Energy Smart Homes program, the TECH program, and forthcoming offerings under the Inflation Reduction Act, POTG members will continue to help develop materials that will allow customers to navigate and benefit from these programs.
- Provided industry expertise to ERRO or the Electrification Retrofit Rebate Outreach Program, in the development of an educational outreach program on electrification and energy efficiency. POTG members continue to brainstorm with staff on how to best support low-income households in the adoption of electrification, as well as steps VCE can take to include renters.
- Provided input on the design and marketing of programs developed through 3rd party partnerships, which include:
 - **AgFIT or Agriculture Flexible Irrigation Technology** -Launched in July 2022; supplying hourly dynamic prices and automation incentives to Yolo County irrigators. Deliberation of an AgFIT pilot expansion is underway at the California Public Utility Commission. The pilot program continues to be successful and will supply much

needed data dynamic rates schedules, shaping the future of load management in California.

- **OhmConnect** - In the second year of the program. Continues to see steady enrollment and customer participation during events.
 - **SACOG or Sacramento Area Council of Governments Grant** – Provided funds for local municipalities to install for EV charging infrastructure. The City of Winters has completed all their installations and are open to the public now. The County of Yolo has recently finished their first EV charger installation at the county library.
 - **Vehicle to Grid Program with SMUD or Sacramento Municipal Utility District** – Applied for funding and are awaiting reply.
 - **REDWDS or Responsive, Easy Charging Products with Dynamic Signals** - Received initial approval for funding from the California Energy Commission. Implementation of this program is expected to begin in 2024.
- Developed and targeted alongside staff future program goals, including agriculture equipment electrification, Self-Generation Incentive Program partnerships or opportunities, energy efficiency and electrification rebates, and workforce development. Due a wide array of opportunities and limitations on staff time, POTG efforts are invaluable. Members may move forward to support staff on specific items, that best suit their interests and industry expertise.

Lessons Learned – Challenges and Opportunities:

Challenges:

- Limited staff time to develop, market, and manage programs, especially as programs continue to grow in complexity and scope.
- Partnerships have proven to be time-consuming but productive.

Opportunities:

- Continue to learn from experiences of other CCAs on programs that have worked well for their customers.
- Potential to add staff and/or hire consultants to help with program implementation.
- Engage with Staff on availability of funding as reserves build.
- Support Staff with specific needs as time permits, such as ideas for and review of website updates, strategies to maximize customer access to incentives, and identification of future program and outreach needs.
- Collaborate with Yolo, Woodland, Davis, and Winters Climate Action Commissions and Cool Davis.
- Potential to collaborate with other public utilities.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director

SUBJECT: Summary of VCE Grant Activity

DATE: December 14, 2023

This informational report summarizes VCE’s grant participation activities during 2023.

1. Sacramento Area Council of Governments (SACOG) - EV Charger installations (“Electrify Yolo” project).

This \$2.9 million grant awarded in December 2028 and is for the installation of electric vehicle charging infrastructure within Yolo County. VCE was awarded the grant in cooperation with Yolo County and the cities of Davis and Woodland. VCE coordinated with the City of Winters to get additional charging infrastructure installed there. VCE is near completion of the installation of the charging stations in partnership with member jurisdictions. VCE received a grant extension expiring December 31, 2024.

2. Responsive, Easy Charging Products with Dynamic Signals (REDWDS) - California Energy Commission (CEC)

The California Energy Commission’s (CEC’s) Clean Transportation Program grant provides up to \$9 million in grant funds to accelerate the development and deployment of easy-to-use charging products which help customers manage electric vehicle (EV) charging and respond to dynamic grid signals. Up to \$300 million in additional grant funds may be available in the future to complete a second phase of work for agreements initially awarded funding under this solicitation. VCE in partnership with Monarch Tractor and GridTractor has been provisionally approved for \$337,500 to provide bidirectional electric tractors using dynamic rates similar to the the AgFIT program.

3. California Air Resources Board - Electric Autonomous Tractor Swarms (EATS) Grant.

VCE has partnered with UC Agriculture and Natural Resources (ANR) and Monarch Tractor to apply for a \$5M statewide grant for the engagement of the agricultural sector to develop customer programs and initiatives that decarbonize, community resiliency and custom savings. The grant application is under review and evaluation.

4. California Public Utilities Commission (CPUC) - Agricultural Flexible Irrigation Technology (AgFIT).

Launched in 2022, VCE’s AgFIT supports local growers in decreasing energy usage and costs and VCE was awarded \$4.2 million. In partnership with Polaris Energy Services and TeMix, the program provides incentives for irrigation automation and leverages software to help agricultural customers manage energy costs while providing maximum

flexibility. The system gives agricultural customers visibility into energy prices a week ahead to help schedule irrigation for when energy costs (and other demands on the grid) are lowest. This program continues to evolve and gain participation.

5. California Department of Food and Agriculture (CDFA) - Community Resilience Centers (CRC) Microgrid Program

The CRC Program will focus on improving community facilities to enhance the state's emergency preparedness capabilities, particularly in response to climate change. VCE applied for \$5.7 million in funding to enable VCE's Gibson project (13 MW photovoltaic (PV)+ 13 MW battery storage) to act as a microgrid for the Yolo County Capay Valley. The Capay Valley (Madison Circuit) has been identified as one of the most interrupted circuits in California. The Madison circuit serves 5 emergency support centers including fire districts and medical. The Madison Circuit serves +4000 customers, 800 CARE/FERA, +160 life support, and +10 critical support customers. VCE was not approved for this grant opportunity and was recommended to pursue the strategic growth council grant opportunity.

6. Strategic Growth Council (SGC)- Community Resilience Centers (CRC) Microgrid Program

The CRC Program will fund neighborhood-level resilience centers to provide shelter and resources during climate and other emergencies, as well as year-round services and programming that strengthens community connections and the ability to withstand disasters. VCE applied for \$5.7 million in funding to enable the Gibson photovoltaic (PV)+ battery storage facility to act as a microgrid as described in the above CDFA grant. This grant application is under review and evaluation.

7. County of Yolo American Rescue Plan (ARP) - Electrification Retrofit Rebate Outreach (ERRO)

Electrification Retrofit Rebate Outreach program to encourage low-income households to access a portion of \$1B in state electrification rebates. Yolo County has partnered and awarded VCE with \$100,000 in American Rescue Plan (ARP) funds to VCE for execution.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

To: Board of Directors

From: Rebecca Boyles, Director of Customer Care & Marketing

Subject: Extension of the consultant agreement with Jim Parks for energy advisory services for one (1) year to expire December 31, 2024

Date: December 14, 2023

RECOMMENDATION

Receive copy of First Amendment Letter between Jim Parks and VCE agreeing to extend the consultant agreement one (1) year expiring December 31, 2024.

BACKGROUND

Since June 2020, VCE has had an agreement with Jim Parks to provide energy advisory services, including customer care and marketing duties, SACOG grant and other program activities, and key account services. The Agreement original expired in December 2022.

In December 2022, the Board approved a new agreement with Mr. Parks that aligns with VCE's fiscal year. This current Agreement continues with Mr. Parks providing energy advisory services focusing on key account services for designated commercial, industrial, and agricultural customer outreach; programmatic work for the SACOG grant and VCE programs; participation in grant activities; and, review and verification of PG&E rate changes to develop rate tables for the VCE website. The current Agreement includes a not to exceed amount of \$30,000, an expiration date of December 31, 2023, and two (2) one-year options to extend.

After consultation with legal counsel and in accordance with the Agreement, both parties agreed to exercise the option to extend the term of the Agreement. There are no changes to the not to exceed amount or to the scope of services or compensation. As of October 2023, approximately \$25,000 remains and is included in the 2024 draft budget. Attached is a copy of the First Amendment to the Agreement Letter extending the Agreement for an effective date of January 1, 2024 expiring December 31, 2024.

Attachment:

1. Amendment One (1) Letter extending Consultant Agreement with Jim Parks for one year



December 5, 2023

Via Email Only

Jim Parks
4478 G Street
Sacramento, CA 95819

**First Amendment to Agreement Between
Valley Clean Energy Alliance and Jim Parks for Energy Advisory Services**

Dear Jim:

The Agreement Between the Valley Clean Energy Alliance and Jim Parks for Energy Advisory Services (“Agreement”) became effect on January 1, 2023 and terminates on December 31, 2023.

Section 1 of the Agreement and **Exhibit B – Schedule of Performance** provide two one-year options to extend the term of the agreement. Exhibit B provides that if the parties wish to exercise the option to extend the term of the Agreement, they must mutually agree to do so in writing.

You and VCE agree to exercise the first option to extend the Agreement for an effective date of January 1, 2024 expiring December 31, 2024, and agree that all other provisions of the Agreement will remain in effect.

If these terms are acceptable, please sign below and return the copy to me.

Thank you for all of your services.

Sincerely,
VALLEY CLEAN ENERGY

By: _____
Mitch Sears, Executive Officer

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ACCEPTANCE

Jim Parks accepts this First Amendment to the agreement.

Dated: 12/7/23

JIM PARKS

By: *James M Parks*

Name: Jim Parks

Its: Owner

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Approval of Third (3) Amendment to Automate Mailing Services Agreement

DATE: December 14, 2023

RECOMMENDATION

Adopt a resolution authorizing the Executive Officer, in consultation with VCE Legal Counsel, to execute Amendment Three (3) to VCE’s existing agreement with Automate Mailing Services (Automate) extending the termination date to December 31, 2024 and replacing Exhibit D - Budget, Payment, Rates.

BACKGROUND & DISCUSSION

VCE and other CCAs print and send various mailings to customers for both regulatory and general communication purposes (e.g. Enrollment notices). Since October 2018, VCE has contracted with Automate Mailing Services for these services. After requesting informal proposals from various mailing house vendors, in October 2018, the VCE Board authorized the Executive Officer to execute a two-year agreement with Automate for a not to exceed amount of \$100,000. In November 2020 the Board approved Amendment One (1) to the agreement extending it to through June 30, 2022 and increasing the not to exceed amount to \$140,000. On June 9, 2022, the Board approved Amendment Two (2) which extended the term through December 31, 2023, increased the not to exceed amount to \$191,750, and replaced Exhibit D with updated costs.

The Automate agreement provides for printing, mailing, and processing services for VCE’s notices, letters and other bulk mailings. These services are time-sensitive in nature and mission critical to the organization. Automate has provided prompt service, competitive market rates for contracted services, and has met or exceeded contract provisions. Based on the competitive rates and performance, staff is recommending an extension of the services agreement with Automate.

The recommended amendment would 1) extend the Automate agreement by one (1) year to a new expiration date of December 31, 2024; and, 2) update Exhibit D – Budget, Payment, Rates to reflect the extension and Automate’s rates. There will be no change to the not to exceed amount of \$191,750 and all other provisions of the contract remain unchanged.

FISCAL IMPACT

The costs associated with providing mailing services are included in VCE's proposed CY2024 budget. The proposed Automate agreement extension is consistent with the amount budgeted for these types of services.

ATTACHMENTS

1. Amendment Three (3)
2. Amended Exhibit D – Budget, Payment, Rates
3. Resolution 2023-XXX

THIRD AMENDMENT
TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN
VALLEY CLEAN ENERGY ALLIANCE
AND
AUTOMATE MAILING SERVICE

1. Parties and Date.

This Amendment No. Three (3) to the Consultant Services Agreement (“3rd Amendment”), is made and entered into as of this 1st day of January 1, 2024, by and between **Valley Clean Energy Alliance**, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 (“VCE”) and Consultant, **Automate Mailing Service**, with its principal place of business at 3526 La Grande Boulevard, Sacramento, California 95823 (“AMS”). VCE and AMS are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals.

1. VCE and AMS entered into an “Agreement for Consultant Services,” (“Agreement”) dated October 18, 2018 and effective December 7, 2018, for the purpose of retaining AMS to provide the services described in Exhibit A of the Agreement. The Agreement was for a term of two (2) years and a total amount not to exceed \$100,000.

2. On November 12, 2020 the VCE Board of Directors approved Resolution No. 2020-030, authorizing the Executive Officer to execute the Amendment No. One (1) to the Agreement, extending the term for eighteen (18) months, for a new expiration date of June 30, 2022, and increasing the not to exceed amount by \$40,000, for a total amount not to exceed \$140,000.

3. On June 9, 2022 the VCE Board of Directors approved Resolution No. 2022-016, authorizing the Executive Officer to execute Amendment No. Two (2) to the Agreement extending the term for eighteen (18) months, for a new expiration date of December 31, 2023; increasing the not to exceed amount by \$51,750, for a total amount not to exceed of \$191,750; and, replacing Exhibit D – Budget, Payment, Rates with updated costs.

4. VCE and AMS now desire to further amend the Agreement to extend the term by an additional one (1) year, through December 31, 2024 and replace Exhibit D – Budget, Payment, Rates with an updated Exhibit D. The not to exceed amount of the Agreement will remain at \$191,750.

Now therefore, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

4.1 Amendment. Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Term The term of this Agreement, as amended, shall begin on December 7, 2018, and shall end on December 31, 2024, unless amended as provided in this Agreement, or when terminated as provided in Article 5.

4.2 Amendment. Exhibit D of the Agreement are hereby replaced in its entirety by Exhibit D attached hereto.

5. Except as amended by this Third Amendment, all other provisions of the Agreement will remain in full force and effect.

6. If any portion of this Third Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

[Signatures on Next Page]

**SIGNATURE PAGE FOR AMENDMENT NO. THREE (3)
TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN VALLEY CLEAN ENERGY ALLIANCE
AND AUTOMATE MAILING SERVICE**

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. Three (3) as of the 1st day of January 2024.

VALLEY CLEAN ENERGY ALLIANCE

AUTOMATE MAILING SERVICE

By: _____
Mitch Sears
Executive Officer

By: _____
Its: President

Printed Name: Phillip Keely

APPROVED AS TO FORM:

By: _____
Inder Khalsa
VCE Attorney

EXHIBIT D

BUDGET, PAYMENT, RATES

BUDGET: \$191,750 total not to exceed for mailing and/or printing needs covering through December 31, 2024.

The following rates can be used as guidelines for costs for future mailings and/or printing needs. Please note that these rates are subject to change.

STANDARD PRINT COSTS

8.5X5.5" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - \$1000

QTY 10,000 - \$1250

QTY 25,000 - \$1750

QTY 50,000 - \$2650

QTY 75,000 - \$3450

6 X11" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - \$1125

QTY 10,000 - \$1450

QTY 25,000 - \$2050

QTY 50,000 - \$3350

QTY 75,000 - \$4350

2 PMS COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - \$600

QTY 10,000 - \$900

QTY 25,000 - \$1650

QTY 50,000 - \$3200

QTY 75,000 - \$4600

FULL COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - \$700

QTY 10,000 - \$1125

QTY 25,000 - \$2750

QTY 50,000 - \$4750

QTY 75,000 - \$6750

8.5X11 LETTERS 4/4 ON 60 OR 70 LB OFFSET

QTY 5,000 - \$625

QTY 10,000 - \$1025

QTY 25,000 - \$2225

QTY 50,000 - \$4125

QTY 75,000 - \$6125

STANDARD MAILING COSTS:

MINIMUMS SET AT 1,000

SETUP PRODUCTION - \$25

SETUP DATA - \$25

NCOA - \$55

LETTER FOLDING - \$15/THOUSAND

VARIABLE LETTER FOLDING - \$20/THOUSAND

MACHINE INSERTING - \$32/THOUSAND

APPLYING LIVE STAMPS - \$10/THOUSAND

ADDRESS AND DELIVER LESS THAN 5000 PIECES - \$35/THOUSAND

ADDRESS AND DELIVER MORE THAN 5000 PIECES - \$25/THOUSAND

STANDARD POSTAGE RATES:

FIRST CLASS LETTERS - \$.50-\$.56 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS LETTERS - \$.29-\$.38 PER PIECE

FIRST CLASS FLATS - \$.83-\$1.27 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS FLATS - \$.52-\$.89 PER PIECE

LETTER DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	3 ½ INCHES	6 1/8 INCHES
LENGTH	5 INCHES	11 ½ INCHES

FLAT DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	6 1/8 INCHES	12 INCHES
LENGTH	11 ½ INCHES	15 INCHES

NOTES:

- **PRESORTED ("BULK") 1ST CLASS MAILINGS NEED MINIMUM OF 500 RECORDS/ADDRESSES**
- **PRESORTED 3RD CLASS NEEDS MINIMUM OF 200 RECORDS/ADDRESSES**

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT THREE (3) TO THE AUTOMATE MAILING SERVICE FOR PRINTING, MAILING AND PROCESSING SERVICES AND AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AMENDMENT THREE

WHEREAS, The Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, on December 7, 2018 via Resolution 2018-027 between VCE and Automate Mailing Service (AMS), both parties executed an agreement for printing, mailing and processing services for VCE’s notices, letters and other bulk mailings, said agreement was set to expire on December 7, 2020; and

WHEREAS, on November 10, 2020 via Resolution 2020-030, the Board approved Amendment One (1) extending the contract through June 30, 2022, increasing the not to exceed amount by \$40,000.00 to the original \$100,000 for a not to exceed amount of \$140,000, and updating Exhibits A, C and D; and,

WHEREAS, on June 9, 2022 the VCE Board of Directors approved Resolution No. 2022-016, authorizing the Executive Officer to execute Amendment No. Two (2) to the Agreement extending the term for eighteen (18) months, for a new expiration date of December 31, 2023; increasing the not to exceed amount by \$51,750, for a total amount not to exceed of \$191,750; and, replacing Exhibit D – Budget, Payment, Rates with updated costs.

WHEREAS, both parties have agreed to extend the contract one (1) year through December 31, 2024 and, update Exhibit D – Budget, Payment, Rates – without increasing the not to exceed amount of \$191,750.

WHEREAS, the not to exceed amount of \$191,750 will remain and costs associated with providing mailing services are included within VCE’s proposed calendar year budget for 2024.

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

1. The Executive Officer is hereby authorized on behalf of VCE to execute Amendment Three (3) to the AMS Agreement for printing, mailing and processing services; which Amendment Three (3) is attached hereto as Exhibit A; and,
2. Amendment No. Three (3) makes the following changes to the Agreement:
 - a. the termination date is extended to December 31, 2024; and,
 - b. Exhibit D – Budget, Payment, Rates, is updated and replaced as set forth in the attached Amendment Three (3) to AMS’ Agreement.
3. The Executive Officer is authorized to execute the agreement amendment substantially in the form attached hereto as Exhibit A on behalf of VCE, and, in consultation with legal counsel, is authorized to approve minor changes to the agreement so long as the term and price are not changed.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

EXHIBIT A: Amendment Three (3) to Automate Mailing Service Agreement

EXHIBIT A

**AMENDMENT THREE (3) TO
AUTOMATE MAILING SERVICE AGREEMENT**

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

To: Board of Directors

From: Mitch Sears, Executive Officer

Subject: Keyes & Fox – contract extension for regulatory legal services

Date: December 14, 2023

RECOMMENDATION

Adopt a resolution authorizing the Executive Officer, in consultation with VCE Legal Counsel, to execute an amendment extending VCE’s contract with Keyes & Fox LLP for regulatory compliance and advocacy legal services for one (1) year and in an amount not to exceed \$278,000 for FY 2024.

BACKGROUND & DISCUSSION

The VCE Board has previously authorized the Executive Officer to execute a contract and subsequent contract extensions with Keyes & Fox LLP for legal services related to regulatory compliance and regulatory advocacy. The original contract expired December 31, 2018 with a not to exceed amount of \$66,667. Subsequently, the following amendments extending the original contract were approved by the Board:

- Amendment 1: on January 23, 2019 (Resolution 2019-001) provided for a term starting January 1, 2019 expiring December 31, 2019 increasing the total amount not to exceed by an additional \$142,600;
- Amendment 2: on February 13, 2020 (Resolution 2020-002) provided for a term starting January 1, 2020 expiring June 30, 2020 increasing the total amount not to exceed by an additional \$88,300;
- Amendment 3: on June 11, 2020 (Resolution 2020-017) provided a term starting July 1, 2020 expiring June 30, 2021 increasing the total amount not to exceed by an additional \$180,800;
- Amendment 4: on June 10, 2021 (Resolution 2021-013) provided a term starting July 1, 2021 expiring June 30, 2022 increasing the total amount not to exceed by an additional \$177,000;
- Amendment 5: on July 14, 2022 (Resolution 2022-019) provided a term starting July 1, 2022 expiring December 31, 2023 increasing the total amount not to exceed by an additional \$287,500.

The Keyes & Fox contract provides the following scope of services: 1) determine and review regulatory compliance obligations, 2) support VCE staff as its expert regulatory resource and 3) review contracts between VCE and third parties.

In addition to services provided to VCE, Keyes & Fox provides regulatory counsel support to CalCCA and other CCA joint CPUC filings. Since a majority of VCE’s advocacy in proceedings

before regulators has been through CalCCA since program launch in 2018, the need for substantial amount of regulatory advocacy for VCE by Keyes & Fox is anticipated to be limited at this time. However, VCE requires continued regulatory counsel support for CPUC filings and regulatory activities specific to VCE (e.g. Resource Adequacy filings, Integrated Resource Plan submissions, etc). The scope of Keyes & Fox work for VCE is similar to regulatory counsel work required by all individual CCA's.

The recommended Sixth Amendment will extend the Keyes & Fox contract one (1) year covering the time period of January 1, 2024 through December 31, 2024 and increase the not to exceed amount by an additional \$278,000, for a total cumulative amount not to exceed of \$1,220,867 since 2018. Accordingly, Exhibits A – Scope of Services, C – Schedule of Services, and D – Payment have been updated. All other provisions remain unchanged.

FISCAL IMPACT

The costs associated with the Keyes & Fox contract extension are accounted for in VCE's Calendar Year (CY) proposed 2024 Budget.

Costs for the Keyes & Fox contract extension is a not to exceed amount of \$278,000 for the time period of January 1, 2024 through December 31, 2024 and is a time and materials-based agreement.

ATTACHMENTS

1. Resolution 2023-XXX including the following exhibits:
 - a. Sixth (6th) Amendment
 - b. Amended Exhibit A – Scope of Services
 - c. Amended Exhibit C – Schedule of Services
 - d. Amended Exhibit D - Payment

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023- _____

**A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE APPROVING THE SIXTH (6TH)
AMENDMENT TO THE KEYES & FOX LLP AGREEMENT FOR REGULATORY COMPLIANCE
AND ADVOCACY LEGAL SERVICES AND AUTHORIZING VCE'S EXECUTIVE OFFICER TO
EXECUTE THE AMENDMENT**

WHEREAS, the Valley Clean Energy Alliance ("VCE") was formed as a community choice aggregation agency ("CCA") on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, on June 26, 2018 an agreement was entered into between Valley Clean Energy and Keyes & Fox LLP to provide legal services related to regulatory compliance and regulatory advocacy in the amount not to exceed \$66,667, expiring December 31, 2018; and

WHEREAS, Keyes & Fox LLP also provides regulatory counsel support to CalCCA and other Community Choice Aggregators on joint California Public Utilities Commission filings; and

WHEREAS, on January 23, 2019 Amendment One (1) to the Keyes & Fox LLP agreement was approved extending the term through December 31, 2019, refining the previous scope of services and budget for 2019, and increasing the total amount not to exceed by an additional \$142,600; and,

WHEREAS, on February 13, 2020 Amendment Two (2) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2020 to align the contract from a calendar year to a fiscal year (July – June), increasing the total amount not to exceed by an additional \$88,300, and updating the scope of work and budget consistent with the contract extension; and,

WHEREAS, on June 11, 2020 Amendment Three (3) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2021, revising the scope of service, and increasing the total amount not to exceed by an additional \$180,800; and,

WHEREAS, on June 30, 2021 Amendment Four (4) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2022, revising the scope of services, and increasing the total amount not to exceed by an additional \$177,000; and,

WHEREAS, on July 14, 2022 Amendment Five (5) to the Keyes & Fox LLP agreement was approved extending the term eighteen (18) months to expire on December 31, 2023 to align with the Budget Calendar Year 2023, revising the scope of services, and increasing the total amount not to exceed by an additional \$287,500;

WHEREAS, Amendment Six (6) extends the Agreement for one (1) year to expire on December 31, 2024, revises the scope of services, and increases the total amount not to exceed by an additional \$278,000 for FY 2024, or a total cumulative amount not to exceed of \$1,220,867.

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

1. Authorizes the VCE Executive Officer, in consultation with VCE Legal General Counsel, to finalize, approve and execute on behalf of VCE the Sixth (6th) Amendment to the Keyes & Fox LLC Agreement for regulatory compliance and advocacy legal services attached hereto and incorporated herein extending agreement term for one (1) year effective January 1, 2024 terminating December 31, 2024, and increasing the total amount not to exceed by an additional \$278,000, for a total cumulative not to exceed amount of \$1,220,867, and updating the Exhibits, as set forth in Attachment A – Sixth Amendment to Keys & Fox LLC Agreement, with any clarifying or clerical revisions requested by the Executive Officer and approved by General Counsel.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2023 by the following vote:

AYES:
 NOES:
 ABSENT:
 ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment A: Sixth (6th) Amendment to Keyes & Fox LLC Agreement

ATTACHMENT A

SIXTH (6TH) AMENDMENT TO KEYES & FOX LLC AGREEMENT

SIXTH AMENDMENT
TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN
VALLEY CLEAN ENERGY ALLIANCE
AND
KEYES & FOX LLP

1. Parties and Date.

This Sixth Amendment to the Consultant Services Agreement (“5th Amendment”), is made and entered into as of this 1st day of January 2024, by and between **Valley Clean Energy Alliance**, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 (“VCE”) and Consultant, **Keyes & Fox LLP**, a Limited Liability Partnership, with its principal place of business at 580 California Street, 12th Floor, San Francisco, California 94104 (“K&F”). VCE and K&F are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals.

1. On June 26, 2018 VCE and K&F entered into an “Agreement for Consultant Services,” for the purpose of retaining K&F to provide services described in the Agreement. The Agreement was for a term starting May 1, 2018 expiring December 31, 2018 for a total amount not to exceed \$66,667.

2. On January 23, 2019 the VCE Board of Directors (“Board”) approved Resolution 2019-001 approving Amendment No. One to that Agreement, which provides for a term starting January 1, 2019 expiring December 31, 2019 increasing the total amount not to exceed by an additional \$142,600; on February 13, 2020 the Board approved Resolution 2020-002 approving Amendment No. Two to that Agreement, which provides for a term starting January 1, 2020 expiring June 30, 2020 increasing the total amount not to exceed by an additional \$88,300; on June 11, 2020, the Board approved Resolution 2020-017 approving Amendment No. Three to that Agreement, which provides for a term starting July 1, 2020 expiring June 30, 2021 increasing the total amount not to exceed by an additional \$180,800; and, on June 10, 2021 the Board approved Resolution 2021-013 approving Amendment No. Four to that Agreement, which provides for a term starting July 1, 2021 expiring June 30, 2022 increasing the total amount not to exceed by an additional \$177,000 (collectively referred to as “Agreement”). On July 14, 2022 the VCE Board approved Resolution 2022-019 approving Amendment No. Five extending the term by eighteen months for an expiration date of December 31, 2023 and increased the not to exceed amount by an additional \$287,500.

Cumulatively, the Agreement to date (up to and including Amendment No. 5) provides that the total amount not to exceed is \$942,867.

3. VCE and K&F now desire to further amend the Agreement to extend the term by one (1) year for an expiration date of December 31, 2024 and increase the not to exceed amount by an additional \$278,000, for a total cumulative amount not to exceed of \$1,220,867.

Now therefore, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

3.1. Amendment. Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Term. The term of this Agreement, which began on May 1, 2018 shall end on December 31, 2024, unless amendment as provided in this Agreement, or when terminated as provided in Article 5.

3.2 Amendment. Section 4.1 of the Agreement is hereby amended in its entirety to read as follows:

4.1 Compensation This is a “time and materials” based agreement. Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in Exhibit D. Notwithstanding the provisions of Exhibit D, the total compensation shall not exceed an additional Two Hundred and Seventy-Eight Thousand and no/100 dollars (\$278,000), or a total cumulative amount of One Million, Two Hundred Twenty Thousand, Eight Hundred and Sixty-Seven and no/100 dollars (\$1,220,867) without written approval of VCE. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3 Amendment. Exhibits A, C and D of the Agreement are hereby replaced in their entirety by the Exhibits A, C and D attached hereto, which are incorporated herein.

4. Except as amended by this Sixth Amendment, all other provisions of the Agreement will remain in full force and effect.

5. If any portion of this Sixth Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

**SIGNATURE PAGE FOR SIXTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN VALLEY CLEAN ENERGY ALLIANCE
AND KEYES & FOX LLP**

IN WITNESS WHEREOF, the Parties have entered into this Sixth Amendment as of the 1st day
of January 2024.

VALLEY CLEAN ENERGY ALLIANCE

KEYES & FOX LLP

By: _____
Mitch Sears
Executive Officer

By: _____
Its: Partner

Printed Name: Sheridan Pauker

APPROVED AS TO FORM:

By: _____
Inder Khalsa
VCE Attorney

EXHIBIT A

SCOPE OF SERVICES

Services Keyes & Fox LLP Will Provide
<p><u>Task 1:</u> Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.</p>
<p><u>Task 2:</u> Review compliance filings to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2023 RPS Compliance Report; (2) Final 2023 and Draft 2024 RPS Procurement Plans; (3) D.19-11-016, D.20-12-044, D.21-06-035, D.23-02-040 and additional reliability procurement compliance requirements and reporting; (4) Power Content Label Review (October 2024); (5) Energy Storage Procurement Tier 2 Advice Letter (January 2024); (6) Emission Performance Standard Advice Letter (February 2024); (7) Supplier Diversity Report (March 2024); (8) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2024), (9) Annual Data Privacy Report (April 2024), (10) SB 255/GO 156 Supplier Diversity Report (March 2024), (11) and (11) 2024 Integrated Energy Policy Report Electricity Resource Planning Forms (September 2024). Once complete, K&F will submit the above-referenced filings and complete required service to appropriate regulatory authorities on behalf of VCE.</p>
<p><u>Task 3:</u> Support VCE staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (as listed below), notifying VCE in a timely manner of issues arising in those proceedings that will critically impact VCE, and attending monthly Board Meetings to explain such issues, if necessary, and (ii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCE’s compliance obligations.</p>
<p><u>Task 4:</u> Review contracts entered between VCE and SMUD and VCE and third parties. PPA negotiations will be billed to separate matters and are not included within this task.</p>
<p><u>Task 5:</u> 2024 Integrated Resource Plan (IRP) development, drafting, legal review, and filing.</p>

A list of the key regulatory proceedings at the California Public Utilities Commission discussed above is as follows:

Docket Number	Subject Matter
R.20-05-003 and successor	Integrated Resource Planning Rulemakings
R.17-06-026	Power Charge Indifference Adjustment Rulemaking
R.11-05-005, R.15-02-020, R.18-07-003, and R.24-XX-XXX	RPS Rulemakings
A.21-06-021	PG&E Test Year 2023 Phase I GRC
A.24-XX-XXX	PG&E 2023 Phase II GRC (<i>expected 9/30/2024</i>)
R.23-03-007	Wildfire Fund Non-Bypassable Charge (AB 1054) Rulemakings
R.19-11-009, R.21-10-002 and R23-10-011	Resource Adequacy Rulemakings (2021-2022, 2023-2024, and 2025-2026 or equivalent)
A.20-06-011	PG&E Regionalization Application
A.23-05-012 and A.24-05-XXX	PG&E Energy Resource and Recovery Account Forecast Proceeding (2023-2025)
A.20-02-009, A.22-02-015, A.23-02-018, and A.24-02-XXX	PG&E Energy Resource and Recovery Account Compliance Proceeding (2019-2023)
R.21-03-011	Provider of Last Resort Rulemaking
R.21-10-001	Safety Culture Assessments
A.24-03-XXX	Diablo Canyon Power Plant Extended Operations Cost Forecast proceeding
R.18-12-006	Transportation Electrification
R.19-01-011	Building Decarbonization OIR
A.22-05-002 et al	PG&E DR Programs, Pilots, and Budgets for 2023-2027
R.19-09-009	Microgrids OIR
R.22-07-005	Demand Flexibility
R.22-10-010	CCA BioMAT

Docket Number	Subject Matter
R.22-11-013	DER Customer Programs
A.22-09-018	PG&E Asset Transfer
23-LMS-01	CEC Load Management Standards

Note Re: Regulatory Advocacy: Since the vast majority of VCE’s advocacy in proceedings before regulators is anticipated to be through CalCCA and others during 2022-23, the need for drafting of motions for party status, pleadings, discovery requests or responses thereto, comments related to compliance filings, or Advice Letters; conducting significant legal or policy research; reviewing or providing feedback to VCE on CalCCA or other CCA joint filings; attending CalCCA-related calls other than the monthly regulatory call; or attending hearings, workshops or meetings with regulators is anticipated to be very limited at this time. To the extent VCE requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed in Exhibit D.

EXHIBIT C

SCHEDULE OF SERVICES

The scope of this contract commences on January 1, 2024 and terminates December 31, 2024. The schedule may be extended by mutual agreement in writing by both parties.

EXHIBIT C

EXHIBIT D

PAYMENT

Subject to adjustments necessary for the do-not-exceed levels related to Tasks 1-5 (“Do-Not-Exceed”) below, all work in 2024 will be performed at the hourly billing rates set forth below as “Keyes & Fox LLP 2024 Hourly Rates”. Historically, rate increases have been between 5-8% per year.

Keyes & Fox LLP (“K&F”) will invoice Valley Clean Energy Alliance (“VCE”) monthly. K&F will keep an hourly total of any time spent on VCE matters. K&F invoices will list the matter worked on and provide information on the dates of service, time involved, attorney or other personnel responsible and activity undertaken. Any unpaid amounts after forty-five (45) days will accrue interest at a rate of nine percent (9%) per annum. All fees for services will be earned as of the time of invoicing.

Expenses, travel time, and time for filing and service are included in the fee structure outlined below unless they are associated with “Extra Work” pursuant to Section 4.5 of this Agreement and, in that case, will be billed at cost (for expenses) or at the billable rates below (for time spent travelling, filing and serving).

Services Keyes & Fox LLP Will Provide	Fee Structure
<p><u>Task 1:</u> Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.</p>	<p>Billed hourly with a Do-Not-Exceed of \$5,500</p>
<p><u>Task 2:</u> Review compliance filings to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2023 RPS Compliance Report; (2) Final 2023 and Draft 2024 RPS Procurement Plans; (3) D.19-11-016, D.20-12-044, D.21-06-035, D.23-02-040 and additional reliability procurement compliance requirements and reporting; (4) Power Content Label Review (October 2024); (5) Energy Storage Procurement Tier 2 Advice Letter (January 2024); (6) Emission Performance Standard Advice Letter (February 2024); (7) Supplier Diversity Report (March 2024); (8) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2024), (9) Annual Data Privacy Report (April 2024), (10) SB 255/GO 156 Supplier Diversity Report (March 2024), and (11) 2024 Integrated Energy Policy Report Electricity Resource Planning Forms (August/September 2024). Once complete, K&F will submit the above-referenced filings and complete required service to appropriate regulatory authorities on behalf of VCE.</p>	<p>Billed hourly with a Do-Not-Exceed of \$65,000</p>
<p><u>Task 3:</u> Support VCE staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (as listed in Exhibit A), notifying VCE in a timely manner of issues arising in those proceedings that will critically impact VCE, and attending monthly Board Meetings to explain such issues, if necessary, and (ii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCE’s compliance obligations.</p>	<p>Billed hourly with an annual Do-Not-Exceed of \$70,000</p>
<p><u>Task 4:</u> Review contracts entered between VCE and third parties. PPA negotiations will be billed to separate matters and are not included within this task.</p>	<p>Billed hourly with a Do-Not-Exceed of \$17,000</p>

Services Keyes & Fox LLP Will Provide	Fee Structure
<u>Task 5</u> : 2024 Integrated Resource Plan (IRP) development, drafting, legal review and filing.	Billed hourly with a Do-Not-Exceed of \$40,500
<u>Demand Flexibility OIR</u> : Advocate for the expansion of VCE’s AgFIT pilot in R.22-07-005. Anticipated tasks include: comments and reply comments on Proposed Decision, evidentiary filings, ex parte meetings, coordination with other parties, possible Advice Letter preparation or response to Advice Letter.	Billed hourly with a Do-Not-Exceed of \$45,000
<u>Miscellaneous</u> : Miscellaneous compliance, advocacy, research and analysis tasks not otherwise listed above.	Billed hourly with a Do-Not-Exceed of \$35,000

Note re Regulatory Advocacy: Since the vast majority of VCE’s advocacy in proceedings before regulators is anticipated to be through CalCCA and others, the need for drafting of motions for party status, pleadings, discovery requests or responses thereto, comments related to compliance filings, or Advice Letters; conducting significant legal or policy research; reviewing or providing feedback to VCE on CalCCA or other CCA joint filings; attending CalCCA-related calls other than the monthly regulatory call; or attending hearings, workshops or meetings with regulators is anticipated to be very limited at this time. To the extent VCE requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed herein.

K&F and VCE will review the Do-Not-Exceed amounts set forth above upon a request from either VCE or K&F for such a review. Any changes to the Do-Not-Exceed amounts resulting from such review shall not affect the amount of any fees already earned.

Keyes & Fox LLP 2024 Hourly Rate Sheet

Attorneys

Kevin Fox, Partner	580
Sheridan Pauker, Partner	460/490+
Tim Lindl, Partner	450
Jason Keyes, Partner	400
Mark Valentine, Partner	400
Jake Schlesinger, Partner	400
Scott Dunbar, Partner	370
Beren Argetsinger, Partner	335
Nikhil Vijaykar, Partner	380
Theresa Cho, Of Counsel	
	590
Julia Kantor, Associate	370
Andy Ball, Associate	330
Grant Snyder, Associate	305
Alexandra Haggarty, Associate	370
Alissa Greenwald, Associate	295

Non-Attorneys

Justin Barnes	230/290*
Miriam Makhyoun	260/290*
Blake Elder	200/240*
Jason Hoyle	180/220*
Alicia Zaloga	130

+ Rates with a plus sign are transactional/compliance rates

* Rates with an asterisk are expert witness rates

Travel Policy: Unless special arrangements are made, travel time is billed at the full hourly rate. Every effort will be made to work productively on VCE matters during travel. If work is performed for another client during travel, VCE will not be billed for that time. All reasonable travel expenses are billable – hotel, airfare, car rental, meals, taxi, public transit, etc.

Work Policy: Reasonable time for filing and service is billed at regular billable rates.

Miscellaneous Expenses Policy: Expenses for postage, photocopying, printing, faxing and other minor expenses directly related to a matter are billable at cost to VCE.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Valley Clean Energy’s Policy regarding PG&E allocation of Greenhouse Gas (GHG)-free (Large Hydro and Nuclear) resources to Community Choice Aggregators

DATE: December 14, 2023

RECOMMENDATION

1. Accept the 2024 allocation of large hydro carbon free attributes paid for by VCE customers;
2. Reject the 2024 allocation of nuclear power carbon free attributes;
3. Ratify the Executive Officer’s approval to enter into an agreement with PG&E to accept only the Large Hydro portion of the 2024 GHG free allocations; and
4. As approved by the Board in December 2022, in the event the future attributes are made available to VCE and there are no material changes in VCE’s position, staff will continue to bring this item to the Community Advisory Committee (CAC) and Board as part of their respective consent agendas.

BACKGROUND

PG&E owns or contracts for a number of GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant). PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets. Load serving entities (LSEs), on the other hand, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), yet do not receive any of the GHG-free benefits – this includes VCE.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities¹. PG&E ultimately refused to make sales in 2019, but subsequently approached CCAs and offered to allocate GHG-free resources (nuclear and large hydro) to CCAs and other eligible load serving entities (LSEs).

¹ Large hydro and nuclear resources count as GHG-free on the power content label (PCL), and investor-owned utilities (IOUs) have been benefiting from counting those resources to meet their GHG-free targets. LSEs, on the other hand, have been paying for those same assets through PCIA, yet do not receive any of the GHG-free benefits through the PCL.

Eventually the allocations became available in 2020, and the VCE Board elected to receive the large hydro only attributes. This became effective in the third quarter of 2020 and VCE received approximately 24,000 MWHs in 2020; 37,382 MWHs for 2021; and 53,886 MWHs for 2022 (note: VCE will not know the final 2023 numbers until Q2 2024).

There is no obligation to accept this allocation of GHG-free attributes. An LSE can choose to accept neither resource pool, one or the other, or both. The volume that each LSE receives will ultimately depend on the volume of electricity generated by each resource pool and the proportion of PG&E’s load served by the LSE.

TENTATIVE SCHEDULE

November 1, 2023	· Notice Issued
Up to Week of November 6, 2023	· PG&E will provide Eligible LSEs with 2024 Sales Agreement for Review
Wednesday, November 15, 2023 (ACTION REQUIRED)	· Feedback on form Sales Agreement due to PG&E
Up to Week of December 11, 2023 (ACTION REQUIRED)	· PG&E will provide Eligible LSEs Offers and a final version of 2024; PG&E and Eligible LSEs will execute 2024 Sales Agreement
January 1, 2024 (<i>pending execution of Sales Agreement</i>)	· Expected start of Delivery Period under 2024 Sales Agreement
Week of June 18, 2024 (<i>approximation</i>)	· First Quarterly Report with estimated Allocation Amount will be distributed
On or about April 15, 2025	· Final Report will be distributed to participating LSEs

RECOMMENDATION

As discussed with the CAC and Board in the past on the topic of allocations, staff continues to believe that:

- The potential reputational risk from accepting the nuclear allocation as part of our GHG-free target is greater than the potential savings for accepting this allocation.
- The monetary savings for either of these allocations is very low.
- Generally nuclear is not considered a clean fuel source due to risks associated with spent fuel and practical long-term disposal options.

Based on these factors, staff believes that VCE is better served by accepting the hydro allocation for 2024, but not the nuclear allocation. Staff did consult with The Energy Authority (TEA) regarding the potential monetary value of nuclear attributes and confirmed that is very low, if any.

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In summary, the staff recommendation to the Board is:

1. Accept the 2024 allocation of large hydro carbon free attributes paid for by VCE customers;
2. Reject the 2024 allocation of nuclear power carbon free attributes;
3. Ratify the Executive Officer's approval to enter into an agreement with PG&E to accept only the Large Hydro portion of the 2024 GHG free allocations; and
4. In the event the future attributes are made available to VCE and there are no material changes in VCE's position, staff will continue to bring this item to the CAC and Board as part of their consent agendas.

Attachment: Resolution 2023-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023-___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ACCEPTING THE 2024 ALLOCATION OF LARGE HYDRO POWER GHG ATTRIBUTES FROM PACIFIC GAS & ELECTRIC AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE RELATED AGREEMENTS

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”), the City of Woodland and the City of Winters (“Cities”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs;

WHEREAS, large hydro and nuclear do not directly emit any GHG emissions, but do not qualify under the state’s RPS program;

WHEREAS, Pacific Gas and Electric (PG&E) owns and contracts for a number of GHG-free resources (including large hydro and nuclear) and count these resources on its power content label to meet its GHG-free targets;

WHEREAS, Load serving entities (LSEs), including Community Choice Aggregators (CCAs) such as VCE, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), but do not receive any of the GHG-free benefits;

WHEREAS, in 2020 PG&E approached CCAs and offered to allocate GHG-free resources to CCAs and other eligible LSEs requiring no payment, and limited in the resources to which it applies (in-state, large hydroelectric, and nuclear);

WHEREAS, since 2020 the VCE Board elected to accept the large hydroelectric GHG-free attributes;

WHEREAS, for calendar year 2024 PG&E is again offering LSEs large hydro and nuclear GHG-free attributes.

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

1. Accept the 2024 allocation of large hydro carbon free attributes paid for by VCE customers;
2. Reject the 2024 allocation of nuclear power carbon free attributes;
3. Ratify the Executive Officer's approval to enter into an agreement with PG&E to accept only the Large Hydro portion of the 2024 GHG free allocations.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

To: Board of Directors

From: Mitch Sears, Executive Officer

Subject: Appointment of COO as Alternate to California Community Power Board

Date: December 14, 2023

RECOMMENDATION

Appoint VCE Chief Operating Officer as alternate to the CC Power Board.

BACKGROUND & DISCUSSION

VCE is a member of California Community Power (CC Power), a Joint Powers Agency comprised of nine California Community Choice Aggregators (CCAs). The agency enables its members to combine their buying power to procure new, cost-effective clean energy and reliability resources and provide joint services to members. CC Power members represent 2.6 million customers across more than 111 municipalities from the North Coast to the Central Valley to the Central Coast (cacommunitypower.org).

VCE joined CC Power in February 2021. Per section 4.02 of the CC Power JPA agreement (Appointments and Vacancies), member agencies are permitted to appoint an alternate to the CC Power Board.

Section 4.02 Appointment and Vacancies. Each Director shall be the Chief Executive Officer, General Manager, or designee of the Chief Executive Officer or General Manager of each Member and shall be appointed by and serve at the pleasure of the Member that the Director represents, and may be removed as Director by such Member at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed by the Member to fill the position of the previous Director in accordance with the provisions of this Article IV within 60 days of the date that such position becomes vacant or the Member shall be subject to the exclusion procedures in Section 3.04(c) above. Each Director may appoint an alternate to serve in their absence.

In the event VCE's Executive Office is unable to attend a CC Power Board meeting, the alternate would step in. Staff is recommending that VCE's alternate should be it's Chief Operating Officer.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Board of Directors

FROM: Mitch Sears, Executive Director

SUBJECT: Appoint Director of Finance & Internal Operations to serve as VCE’s Board Auditor and Treasurer

DATE: December 14, 2023

RECOMMENDATION:

Adopt a resolution appointing VCE’s Director of Finance & Internal Operations as VCE’s Board Auditor and Treasurer.

BACKGROUND:

Under Section 3.9.3 of the Joint Powers Agency agreement, VCEA requires the appointment of Auditor and Treasurer to a qualified person. Pursuant to Government Code section 6505, the Board may appoint one VCE officer or employee to serve as both Auditor and Treasurer.

The Auditor/Treasurer acts as the depository of the VCE’s funds and has custody of all the money of the Authority. The duties and obligations of the Auditor/Treasurer are further specified in Article 5 of the JPA. The Auditor/Treasurer reports directly to the Board in the performance of his or her duties as Auditor/Auditor and must comply with the requirements for Treasurers of general law cities. Government Code §6505 specifies the duties and obligations of the Auditor/Treasurer.

ANALYSIS & DISCUSSION

Since VCE’s formation, the Board has appointed the County of Yolo Department of Financial Services Chief Financial Officer (CFO) as the Auditor and Treasurer. VCE has retired all outstanding debts with the County Treasury, member agencies, and built cash reserves to sustainable levels. VCE’s financial strength and County of Yolo transition to a new CFO are both triggering events to appoint a new Auditor and Treasurer. Government Code §6505.6 allows an agency or entity to appoint an officer or one of its employees to either or both such positions.

Edward Burnham joined VCE on January 11, 2021 and brings to the position many years of experience in government and private sector financial leadership. He currently holds a Certified Public Accountant license with the California Board of Accountancy. VCE will continue to contract an independent Auditor

(currently James Marta & Company) for an annual audit of VCE's financial statements and review of internal controls.

CONCLUSION

Staff recommends the Board Approve the resolution to appoint Mr. Burnham to fulfill the duties associated with the Auditor and Treasurer. Upon appointment, Mr. Burnham shall serve until such time the Governing Board appoints a successor.

Attachment: Resolution 2023-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
APPOINTING THE DIRECTOR OF FINANCE AND INTERNAL OPERATIONS AS AUDITOR
AND TREASURER**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, it is in the interest of Valley Clean Energy Authority (“VCE”) to designate an VCE employee to assume the responsibilities and duties of auditor and treasurer in accordance with Government Code Section 6505.5; and

WHEREAS, pursuant to Government Code Section 6505.6, VCE may appoint one of its officers or employees to either or both positions of Treasurer or of Auditor-Controller, and such person or persons shall comply with the duties and responsibilities of the office or officers as set forth in subdivisions (a) to (d), inclusive, of Government Code Section 6505.5; and

WHEREAS, Edward Burnham, who currently serves as the Director of Finance and Internal Operations of VCE, is qualified to serve as treasurer and can perform the required functions and duties of treasurer.

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby appoints the Director of Finance and Internal Operations, Edward Burnham, as Auditor and Treasurer of VCE.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2023, 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 16

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Willow Springs Solar 3 LLC Amended Power Purchase Agreement and Associated Agreements Approval

DATE: December 14, 2023

RECOMMENDATION

Staff recommends the Board adopt a resolution that:

1. Authorizes the Executive Officer to execute an amended power purchase agreement (PPA) and associated agreements, in consultation with General Counsel, to make minor changes including schedule to the PPA so long as the term and price are not changed.

ANALYSIS

VCE entered into a PPA with Willow Springs Solar 3 LLC on October 15, 2021. The project has been under construction and is nearly complete. The Willy 9 Chap 2 project (formerly Willow Springs 3 solar project) will consist of a 72 MW photovoltaic (PV) field combined with a 36 MW (144 MWh) lithium-ion battery energy storage system (BESS). The PV portion of the project has been on-line and producing energy in 2023. The BESS is onsite but is awaiting final approvals from the Kern County Fire Department. With the uncertainties of the timing of this approval from the fire department, the parties have been working on modifying dates in the PPA as well as any other associated agreements to address the impacts of the BESS delay. The delay of the BESS will not cause any financial harm to VCE.

The parties are working diligently to finalize all agreements and anticipate completion of the documents in the next few weeks.

CONCLUSION

Staff is recommending the Board authorize the Executive Officer to finalize and execute agreements supporting the necessary modifications to the PPA to accommodate the BESS delay.

Attachments

1. Staff Report – 10/14/2021
2. Resolution 2021-020 (only)
3. Resolution - Willow Springs Solar 3 LLC Amended Power Purchase Agreement and Associated Agreements

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Gordon Samuel, Assistant General Manager & Director of Power Services

SUBJECT: Willow Springs Solar 3 LLC Power Purchase Agreement Approval

DATE: October 14, 2021

RECOMMENDATION

Staff recommends the Board adopt a resolution that:

1. Approves the Power Purchase Agreement (PPA) by VCEA for 100% of the output for 15 years of the Willow Springs Solar 3 project under development by Leeward Renewable Energy (Leeward).
2. Authorizes the Interim General Manager to execute the PPA substantially in the form attached and authorizes the Interim General Manager, in consultation with General Counsel, to make minor changes to the PPA so long as the term and price are not changed.

BACKGROUND

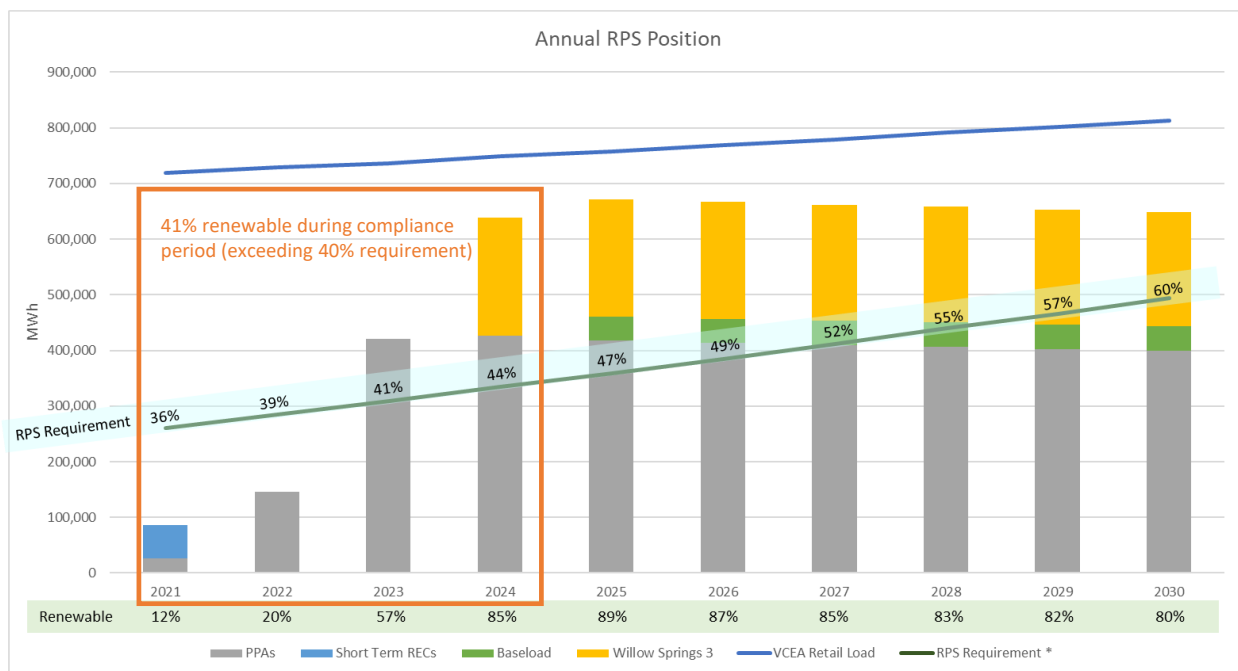
There are several drivers that support the addition of this PPA into the VCE portfolio. At the June 2021 VCE Board meeting the Board adopted a budget that was based on a plan to transition from short-term power purchases into longer term PPAs. This plan, which provides near-term budget relief and long-term fiscal stability, considers a lower renewable portfolio content in years 2021 and 2022 followed by higher content beginning in year 2023 and beyond (see below chart). This approach allows VCE to meet the California Public Utility Commission (CPUC) Renewable Portfolio Standard (RPS) Compliance Period 4 ('21-'24 avg of 40%) while significantly exceeding the mandate in Compliance Period 5 ('25-'27) and Compliance Period 6 ('28-'30).

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The second significant driver was a recent CPUC action. CPUC Decision 21-06-035 has obligated load serving entities to procure 11.5GW of new generation. This new capacity must be satisfied by a variety of resources, but it has had an effect on the market as demand has increased thus putting buyers at a disadvantage. Staff felt this was an additional reason to quickly engage the development community to see if any projects were available that meet VCE’s capacity and timing. The final reason staff moved now rather than later is associated with the broader global supply chain pressures. Staff hearing from developers, including some that VCE has already contracted with, the outside price pressures are real and are not going away anytime soon. Staff believes that given these key factors it was advisable to pursue a project that solved many of the uncertainties that occur when developing a large-scale renewable project.

Staff recognized these drivers and actively engaged the renewable development community to assess viable projects from reputable developers. Compliance is a critical driver so finding projects that could contribute to Compliance Period 4 (‘21-’24 avg of 40%), was paramount as well as projects that had many of the traditional development uncertainties such as permitting and interconnection resolved were essential. Several PV+storage CAISO interconnected (in-state and out-of-state) opportunities ranging in size from 50-100 MW were considered. After conducting evaluations with the assistance of SMUD, the PV+storage proposal from Leeward offers the most value to VCE customers.

COUNTERPARTY

Leeward Renewable Energy is a leading, long-term owner and operator focused on delivering clean, sustainable wind, solar and energy storage projects. The company owns and operates a portfolio of 21 renewable energy facilities across nine states, totaling about 2,000 megawatts (MW) of installed capacity. Leeward has strong financial backing from OMERS Infrastructure, a prominent global infrastructure investor. OMERS Infrastructure, an investment arm of OMERS,

is one of Canada's largest defined benefit pension plans with C\$114 billion in net assets (as of June 30, 2021) and over 20 years of experience in the renewable energy industry.

Leeward's team of experienced industry veterans is driving an aggressive, high-growth strategy. The company is actively developing new wind, solar and energy storage projects across the U.S., with about 20 gigawatts (GW) of projects under development, spanning across 100 projects. Including projects currently under construction and those soon to commence construction, the company expects to have an additional approximately 1,500 MW of renewable energy projects in operation by the end of 2023. Leeward appears to be well positioned for continued growth of its operating asset platform, ensuring the company's position within the renewable energy industry.

In the state of California, Leeward owns and operates two wind assets and has three solar-plus-storage projects in development across three counties. Leeward has executed long-term contracts for renewable energy supply with several of California Community Choice Aggregators (CCAs) including Silicon Valley Clean Energy, Peninsula Clean Energy, and Central Coast Community Energy for solar and storage.

Leeward will develop, own and operate the Willow Springs 3 solar project, one of three projects in California's Antelope Valley.

PROJECT DESCRIPTION

When considering the viability of projects, VCE considers criteria such as counterparty experience, permitting status, environmental/land usage, and interconnection status. The Willow Springs 3 solar project will consist of a 72 MW PV field combined with a 36 MW (144 MWhs) lithium-ion battery storage system. The counterparty, Leeward, has a proven track record as mentioned above. Several other development risks have been addressed such as the project has secured all real estate rights for all aspects of the project development, the conditional use permit was obtained from Kern County in April, 2016. According to the information provided by the project developer, the site has not been actively farmed since 2009 due in part to a lack of availability of groundwater in the Antelope Valley. The environmental analysis for the project found that the site did not have long-term viability for farmland use and is therefore not classified as Prime Farmland. Environmentally, the site is fallow abandoned farmland with no wetlands, biological or cultural issues, and Leeward has a head start on the interconnection. Leeward has in place a signed interconnection agreement and will be using existing transmission infrastructure.

Beginning at the end of 2023, VCE will receive approximately 27% of its annual needs from the renewable facility for 15 years. The competitively priced energy and capacity will allow VCE to secure stable pricing for both energy and resource adequacy. The agreement also outlines a \$200,000 workforce development and local sustainability fund that will be paid for by Leeward and will be distributed as directed by the VCE Board.

CONCLUSION

Staff believes the terms of the PPA supports VCE's policy objectives, help meet regulatory requirements, and are competitively priced. In addition, contracting with a reputable, proven

developer for a project of this magnitude is important to VCE and staff believes Leeward meets that criteria.

Attachments

1. Attachment A – Willow Springs Solar 3 LLC Power Purchase Agreement
2. Resolution - Willow Springs Solar 3 LLC Power Purchase Agreement

COPY

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021-020

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING A POWER PURCHASE AGREEMENT (PPA) WITH WILLOW SPRINGS SOLAR 3, LLC AND AUTHORIZING THE INTERIM GENERAL MANAGER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE POWER PURCHASE AGREEMENT

WHEREAS, VCE staff engaged reputable renewable developers in a bilateral process to address near-term compliance obligations and long-term cost challenges; and

WHEREAS, VCE determined the project(s) that were best suited for VCE’s needs and with power available on a time line that also met VCE’s power needs. And

WHEREAS, Leeward Renewable Energy proposed to construct a 72-MW AC solar photovoltaic facility coupled with a 36-MW/144MWh (4-hour) lithium-ion battery energy storage system, near the city of Rosamond in Kern County, California; and

WHEREAS, a PPA has been negotiated with Leeward Renewable Energy for VCE to procure output from the Willow Springs Solar 3 project for 15 years;

WHEREAS, Willow Springs Solar 3, LLC is an indirect subsidiary of Leeward Renewable Energy, LLC.

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

1. The Power Purchase Agreement (PPA) between VCE and Willow Springs Solar 3, LLC for 100% of the output for 15 years of the Willow Springs Solar 3 project under development by Leeward Renewable Energy is hereby approved.
2. The Interim General Manager is authorized to execute the PPA substantially in the form attached hereto as Exhibit A on behalf of VCE, and, in consultation with legal counsel, is authorized to approve minor changes to the PPA so long as the term and price are not changed.

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PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the 14th day of October 2021, by the following vote:

AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega

NOES: None

ABSENT: None

ABSTAIN: None



Dan Carson, VCE Chair



Alisa M. Lembke, VCE Board Secretary

COPY

Attachment A: Power Purchase Agreement with Willow Springs Solar 3, LLC

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING AN AMENDED POWER PURCHASE AGREEMENT (PPA) AND ASSOCIATED AGREEMENTS WITH WILLOW SPRINGS SOLAR 3, LLC AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE AGREEMENTS

WHEREAS, Board of Directors of the VCE approved Resolution 2021-020 which authorized VCE to enter into a PPA with Willow Springs Solar 3, LLC ; and

WHEREAS, Willow Springs Solar 3, LLC is an indirect subsidiary of Leeward Renewable Energy (LRE), LLC; and

WHEREAS, LRE has constructed a 72-MW AC solar photovoltaic (PV) facility coupled with a 36-MW/144MWh (4-hour) lithium-ion battery energy storage system (BESS), near the city of Rosamond in Kern County, California; and

WHEREAS, Output from the PV facility is expected to deliver on schedule and output from the BESS is delayed due to final approvals from the Kern County Fire Department causing a delay in the dates outlined in the PPA; and

WHEREAS, the parties are amending the PPA and developing associated agreements to address the delay.

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

1. The Executive Officer is authorized to execute the amended PPA and associated agreements, and, in consultation with legal counsel, is authorized to approve minor changes including schedule so long as the term and price are not changed.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2023, 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 17

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: 2024 Operating Budget & Customer Rates

DATE: December 14, 2023

RECOMMENDATIONS

1. Approve 2024 VCE Customer Rates:
 - a. Standard Green Rates for 2024 to match PG&E 2024 generation rates.
 - b. Base Green Rate 2.5% lower than PG&E 2024 generation rates
 - i. Automatically provide CARE and FERA customers the lowest rate (Base Green)
2. Approve 2024 Budget with \$106.5M of operating revenues and \$82M of operating expenses for a net income of \$24.5M.
3. Approve prepayment of \$185K for retirement of term loan with River City Bank by December 31, 2023

OVERVIEW

The purpose of this staff report is to: (1) Update 2023 financial actuals (10-Months) ending December 31, 2023, (2) present analysis of 2024 customer rates, and (3) present the 2024 Budget for Board consideration.

As detailed in the body of this report, the 2023 Budget is estimated to have a net positive income of \$17.7M, which is \$13.7M below the adopted Budget for reasons outlined in the analysis section below. The 2024 budget forecasts a positive net income of \$24.5M, allowing VCE to reach its primary financial objectives of building reserves while maintaining competitive rates and executing local programs.

VCE's longer-term outlook (2025+) indicates increased stability and cost certainty with VCE's long-term PPA's on-line combined with continued growth in cash reserves which would place VCE in a position to receive an initial investment grade credit rating within the next several years.

BACKGROUND

Since early 2020, VCE has seen high volatility in the energy sector and overall economy. VCE's fiscal impacts were primarily driven by uncertainty associated with the COVID-19 pandemic, 2021 Power Charge Indifference Adjustment (PCIA) increases, resource adequacy and power market cost increases driven in part by the war in Ukraine. These factors required VCE to draw against reserves in the past two years to stabilize customer rates and maintain its rate policy to

be competitive with PG&E generation rates. Beginning in 2022, VCE began to replenish its cash reserves and grow its financial strength (as envisioned in the Strategic Plan) for its initial investment grade credit rating.

The proposed 2024 budget incorporates key financial objectives driven by VCE's Budget Policy, Financial Reserve Policy, Rate Policy, and the 2021-2025 Strategic plan. Key objectives considered by staff in developing the draft 2024 budget included:

- Operating Days Cash – Maintain the operating days cash target of +180 days (Increased from 90 days in 2023) as recommended by financial advisors for the credit rating.
- Debt Repayments – Early repayment of term loan with River City Bank in 2023. VCE's remaining use of RCB line of credit used for credit requirements pending VCE's initial investment grade credit rating.
- Power Cost Contingencies – Due to the inherent volatility in power costs, Staff continues to include 5%/ \$3.6M contingencies in 2024. Staff has incorporated a onetime additional \$1.5M for 2024 Resource Adequacy and Renewable Energy Certificates compliance requirements.
- Power Purchase Agreement (PPA) Covenants – VCE will maintain the required PPA covenants without relying on letters of credit for operational PPAs.
- Investment Grade Credit Rating – VCE and the Financial Advisor, PFM, will re-evaluate the timeline to establish VCE's initial investment grade credit rating. An investment grade credit rating will reduce risks for banking institution lines of credit, CPUC provider of last resort financial requirements (POLR), and overall capital costs for VCE.
- Customer Programs and Dividends – \$2M in programs budgeted for 2024 including to continue to grow its customer programs in 2024. VCE will evaluate 2023 audited financial results for possible customer dividends in Q2 of 2024.

VCE's long-term fixed PPAs are anticipated to bring long-term financial stability for VCE in the 2025-2027 long-term outlook.

2023 CPUC ERRR Proceeding (PG&E Rate setting - PCIA and Bundled Rates)

The CPUC issued the proposed decision (PD) for 2024 bundled rates, inclusive of setting PCIA and generation rates for PG&E. Based on information from VCE and CalCCA's analysts, VCE has incorporated the following assumptions in its updated financial forecasts for 2023, including the assumption that 2023 PG&E rates/PCIA will be implemented on January 1, 2024:

Summary of CPUC ERRR Forecasts for January 2024

- 2024 PCIA: ~100% increase over 2023 PCIA - Approximately (\$1.9M) net decrease
- 2024 PG&E Bundled rates (PCIA & Generation): 5-7% increase over 2023 Rates – Approximately \$6M in additional revenue for 2024

Long-term Fixed Price Power Purchase Agreements

Renewable power and storage resource deliveries resulting from VCE's contracted long-term power purchase agreements (PPAs) began in 2021 and increased significantly in 2023. These additional fixed price long-term renewable contracts strengthen VCE's financial standing by providing cost stability and reducing exposure to short-term power market volatility. As shown in Figure 1 & 2 below, the PPAs increased to ~40% of VCE's annual load and 70% of VCE's

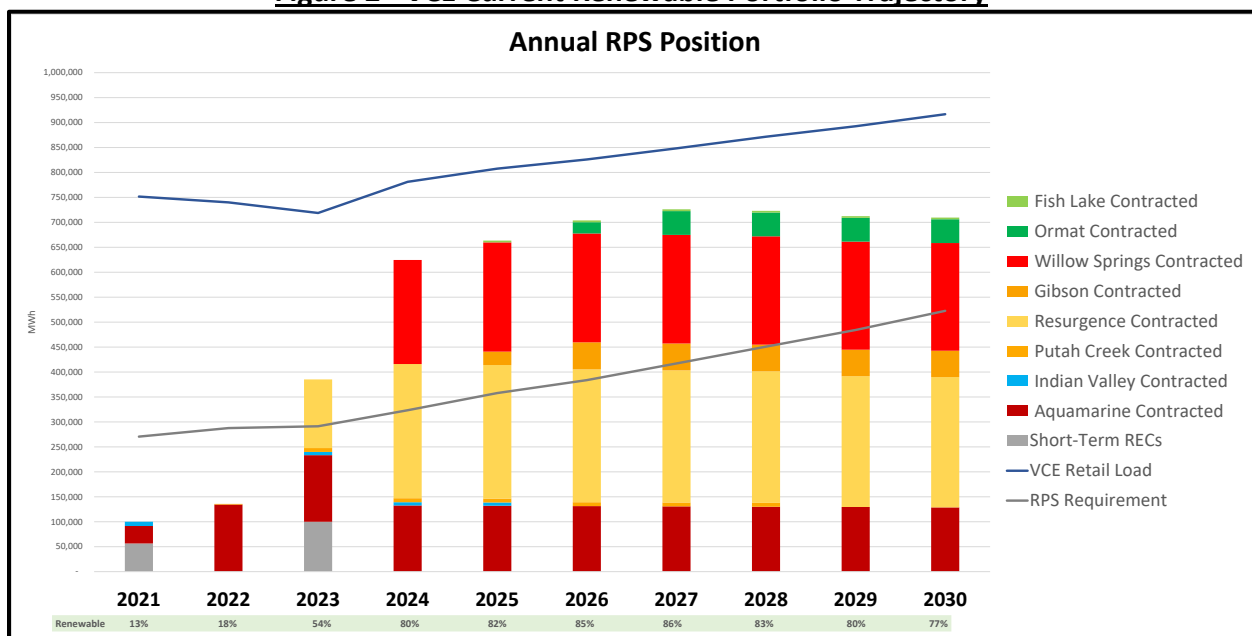
annual RA requirement by 2024, reducing VCE risks and stabilizing costs compared to prior years.

Figure 1 – VCE Power Purchase Agreement Contributions

Description	2023	2024
Power Costs	Began 2023 with PPAs for ~150+ GWh (approx. 13% of VCE annual Load)	*Begin 2024 with PPAs for ~400+ GWh (approx. 50% of VCE annual Load)
Power Cost Contingencies	PPAs provide 75 MW RA (approx. 36% of VCE annual req.)	*PPAs provide 143 MW RA (approx. 70% of VCE annual req.)

*Willy 9 Chap 2 (formerly Willow Springs Solar 3) Solar PV + Storage Project (72 MW PV /36 BESS / approx. 215,000+ MWhs) expected to come online in January of 2024

Figure 2 - VCE Current Renewable Portfolio Trajectory



The addition of these long-term renewable resources help mitigate financial volatility for VCE going forward. The proposed 2024 Rates, 2024 Budget, and multi-year outlook shown below are inclusive of the above factors.

ANALYSIS

This report updates the information provided to the Board on November 9, 2023 and provides the basis for the budget Analysis in Section 3 below. The sections below provide updates on: (1) the 2023 Operating Budget, (2) an overview of key factors influencing the operating budgets, and (3) analysis of the recommended 2023 budget.

1. 2023 Operating Budget Update

In December 2022, the Board approved the 2023 Operating Budget taking into account matching PG&E’s proposed rates, incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers, and directed all other revenues to cash reserves for a target of ~180+ days

cash on hand by the end of 2023.

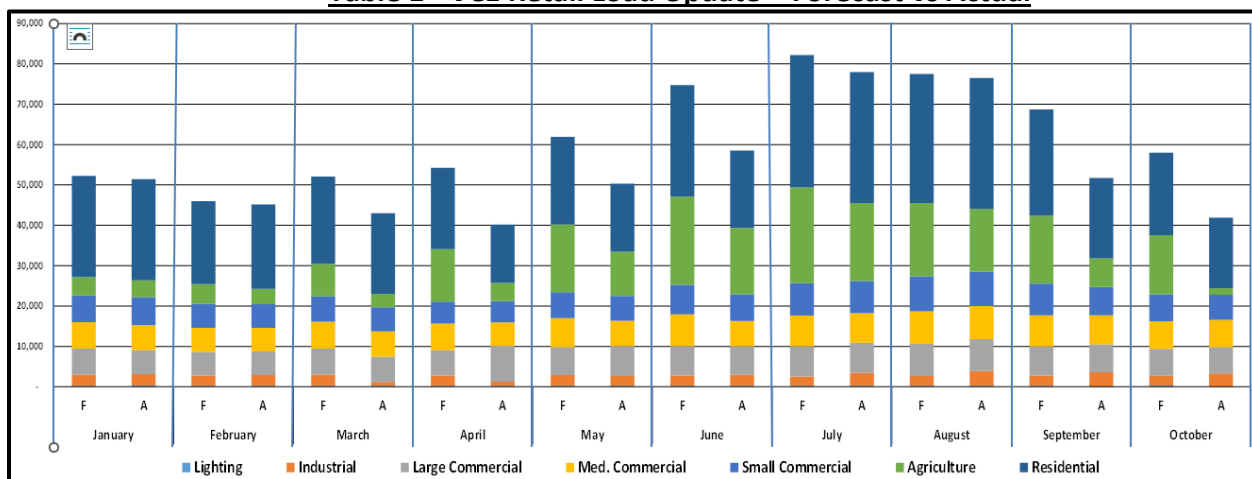
Key factors included in adoption of the 2023 Operating Budget included the following:

- CARE / FERA – Incorporated a 2.5% rate credit
- Power Cost Contingencies – increased from 2.5% in 2022 to 5% in 2023 (\$3.4M)
- Financial Reserves. Incorporated a 2023 target of 180 days for operating cash
- PG&E Rate Adjustments – 3% increase – Approximately \$2M in revenue
- PCIA. PCIA: 88% reduction (net zero charge) – Approximately +\$17M in net revenue.
- Long-term power contracts (PPAs). When VCE’s two largest PPA’s begin full deliveries in 2023: ~60% of VCE’s load served, growing to 80%+ by 2024

VCE’s 2023 Budget is estimated to have a net positive income of \$17.7M, which is \$13.7M below the adopted Budget mainly driven by lower retail load in Agriculture and Residential sectors resulting from lower average temperatures, reduced and shorter heat events, and above average precipitation. Key factors influencing the 2023 Operating Budget results include:

- Load Forecast. As shown in Table 1, 2023 energy use in most sectors have been lower than forecasted. For example, two large sectors showed lower than forecast energy use: (1) residential and (2) commercial use related to agriculture due to a wet and long winter, lower overall summer temperatures, and reduced heat events.

Table 1 - VCE Retail Load Update – Forecast vs Actual



- Budgeted revenues. The 2023 Budget incorporated revenues associated with a normalized load. These revenues have not fully materialized in the actuals for 2023 due to the lower overall load as described above resulting in lower revenues throughout 2023.
- Power Costs. Average forward market power prices have decreased from the high 2022/23 winter costs due to an abnormally wet winter and increased hydro production. In September 2023, the CPUC authorized the use of additional natural gas storage to help with future winter demand. This has decreased total long-term energy hedging prices and day-ahead purchase prices in the recent months of 2023. Power prices are expected to remain at near current prices through 2024. The overall decrease in high power costs have been largely offset by significant price increases for resource adequacy (RA) and renewable energy credits (RECs) for the near term.

The following Table 2 summarizes the 2023 Operating Budget results.

Table 2 – 2023 Actuals vs. Budget

Description	APPROVED 2023 BUDGET	2023 Proforma (10 Month Actuals + 2 Month forecast)	Variance
Revenue	\$ 109,500	\$ 96,250	\$ (13,250)
Power Cost	\$ 71,650	\$ 72,500	\$ (850)
Other Expenses	\$ 6,430	\$ 6,100	\$ 330
Net Income	\$ 31,420	\$ 17,650	\$ (13,770)

Note: The 2023 interim audit will begin in December 2023 and will be completed in March 2024. Adjustments, if any, will be included in the annual report.

2. 2024 Customer Rates

As discussed at previous Board and Community Advisory Committee meetings, the CPUC is scheduled to adopt 2024 PG&E bundled rates at their December 2023 meeting. The updated analysis shown below is based on the best available information as of the writing of this report, with an effective rate change date of January 1, 2024, and following VCE's current rate policy and financial objectives.

VCE Rate Policy (Updated November 10, 2021)

Cost-Based Rate Policy: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and establish sufficient operating reserve funds. VCE's 2023 Target was set to fully fund 180 days of operating cash reserves and incorporated into 2024 rate setting.

2024 Customer Rates Drivers

Based on information from VCE and CalCCA's analysts on the proposed PG&E rates decision outlined above, VCE has incorporated the following assumptions in its updated financial forecasts for 2024 (assuming PG&E rates/PCIA are implemented on January 1, 2024):

- PCIA: 100% increase over 2023 PCIA (net zero charge)- Results in approximately (\$1.9M) revenue for 2024
- PG&E Bundled rates (PCIA & Generation): 5-7% increase – Results in approximately \$6M revenue for 2024

NOTE: The proposed decision by the CPUC includes a 6-month amortization of 2023 under collection of revenues recovered in 2024.

VCE Rates Recommendation

1. Standard Green Rates for 2024 to match PG&E 2024 generation rates.
2. Base Green Rate discount of 2.5% to PG&E 2024 generation rates
 - a. Automatically provide CARE and FERA customers Base Green Rate

Staff recommends evaluating the expansion of rate credits to all customers as part of the 2023 net margin allocation and financial results for the first quarter of 2024 as part of the annual Customer Program and Dividend Policy analysis scheduled for consideration by the Board in Q2 of 2024. As part of this process, Staff will evaluate possible power purchase agreement prepayment discounts and impacts to VCE's initial investment grade credit rating. The expected revenue reductions for extending the rate credit program to additional customers while reaching the investment grade would be approximately \$1,000,000 per 1% of rate credit.

Fiscal Effects

The rates (and budget) approach outlined in this report allows VCE to build reserves for VCE's initial investment grade credit rating, fund current and additional VCE programs, and prepare for future PCIA increases and power market volatility to achieve long-term rate stability and competitiveness with PG&E generation rates.

The fiscal effects on VCE customers are estimated at an average of \$5 per month for residential customers on VCE's default Standard Green rate (+5% to 7%). Staff recommends continuing rate credits for low income and vulnerable customers (CARE, FERA, and Medical Baseline) that makeup over 25% of VCE's residential customer base.

The VCE generation charges plus PCIA and franchise fees are approximately 40% of the total average residential electricity bill. PG&E's Transmission, Distribution, and other charges account for the remainder 60% of the total electricity bill. Therefore, a 7% increase in VCE's portion of the electricity bill equates to an approximate 2.5% increase in the total electricity charges for the average residential customer.

Customer Outreach & Communications

VCE continues a measured, transparent customer outreach strategy emphasizing VCE's continuing cost competitiveness and additional benefits such as more choice in electricity supply, local control, and community reinvestment through energy contracts and programs.

Based on VCE matching PG&E rates and other CCAs undertaking similar rate actions, Staff does not anticipate significant opt-out customer activity in response to the rate changes. VCE will continue to monitor customer activity as the rates are implemented for possible adjustments.

If approved by the Board, these customer rates would help meet VCE's strategic financial objectives. The longer-term outlook (2025+) shows increased stability and cost certainty due to VCE's fixed price long-term renewable power purchase contracts coming on-line in 2024.

3. 2024 Operating Budget

As noted in the prior budget update, slightly reduced forward power market prices have been partially offset by significant increases in resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources which contribute to a relatively stable 2024 PCIA. Based on analysis by CalCCA, Staff anticipates slightly higher PCIA and an increase in PG&E Customer rates. The net result is \$12M+ in net income initially forecast for 2024.

Most recently, Staff has updated the forecasts to incorporate additional PG&E actuals reflecting an under-collection of 2023 revenues and the updated power cost forwards that include the increasing RA and RPS market price benchmarks. These factors are primary drivers leading to a revised forecast resulting in the 2024 PCIA stabilizing and a PG&E rate change going from a ~3% reduction to a ~5-7% increase for 2024. Additionally, VCE's long-term renewable contracts continue to have cost/rate stabilization effects while significantly increasing VCE's renewable content. VCE's fixed priced PPAs coming online in 2023 and 2024 have significant contributions (Figure 1 above) towards reducing VCE's financial risks and stabilizing costs.

Key Assumptions included in the 2024 Budget Summary (Table 3) and Multi-year forecast (Table 4):

- 2024 Customer Rates (VCE & PG&E Comparison) VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating.
- 2024 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M
- 2024 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase (higher increases currently being considered by the CPUC are associated with non-VCE portions of the bill such as transmission and distribution charges and transmission line undergrounding costs).

Table 3 – 2024 Budget Summary

VALLEY CLEAN ENERGY 2024 DRAFT BUDGET SUMMARY	ACTUAL (YTD)		
	APPROVED 2023 BUDGET	Oct. 31 2023 2023 Proforma	PROPOSED 2024 BUDGET
OPERATING REVENUE	\$ 109,458	\$ 96,250	\$ 106,500
OPERATING EXPENSES:			
Cost of Electricity	71,650	72,500	75,200
Contract Services	2,807	2,825	2,260
Outreach & Marketing	264	295	300
Programs	834	841	2,020
Staffing	1,442	1,413	1,630
General, Administration and other	1,017	950	1,140
TOTAL OPERATING EXPENSES	78,014	78,824	82,550
TOTAL OPERATING INCOME	31,444	17,426	23,950
NONOPERATING REVENUES (EXPENSES)			
Interest income	42	240	550
Interest expense	(66)	(16)	-
TOTAL NONOPERATING REV/(EXPENSES)	(24)	224	550
NET MARGIN	\$ 31,420	\$ 17,650	\$ 24,500
NET MARGIN %	28.7%	18.3%	23.0%

Multi-Year Forecast

As displayed below in Table 4 – Multi-Year Forecast, the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's movement towards an investment grade credit rating (estimated by 2028).

Table 4 – Multi-Year Forecast

Description	Actuals	(10 Month Actuals + 4 Month Budget)	Preliminary Forecast*			
	2022	2023	2024	2025	2026	2027
Customer Revenue	85,323	96,250	106,500	99,810	108,300	103,950
Power Cost	75,130	72,500	75,200	62,700	66,300	68,300
Other Expenses	4,469	6,100	6,800	7,200	7,600	8,000
Net Income	5,724	17,650	24,500	29,910	34,400	27,650
Gross Margin	12%	25%	29%	37%	39%	34%
Net Margin	7%	18%	23%	30%	32%	27%

* The preliminary forecast is based on analysis by CalCCA, MRW, and TEA and power cost forwards.

Note: 2023, 2024, and 2025 forecasted financials are based on the most current available data and assumptions, as displayed in Table 4. These scenarios rely on future rate adjustments, reserves, or both to maintain VCE's financial strength.

Additional Considerations

Other Operating Expenses – Preliminary Budget Other operating expenses (not including power costs) are nearly flat compared to the 2023 budget, reflecting a 8% increase slightly higher than 2023 CPI at ~6%. The majority of the cost increases are related to programs. The primary factors of increased costs in this category of expenses include:

- \$2M in customer programs related to AgFIT and other programs.
- Staffing includes the addition of one Program Specialist / Junior Analyst and prior part-time positions allocations for Regulatory Analyst and Office Support Specialist.
- Additional costs related to strategic goal implementation (e.g. 100% renewable by 2030)
- Reduced interest expenses related term loan prepayment.
- Increased interest income with rising interest rates and increased cash reserves
- 5% annual salary and contractor inflation rate based on the 2023 6% inflation rate.
- 5% administrative contingency rate for unanticipated expenses.
- Additional cost related to post covid operations (e.g. remote meeting technology) and Board stipends to match other local JPA stipends.

Based on the updated information, Staff recommends continuing to build programs and reserves for VCE's target of 180+ days of cash reserves portion itself to achieve an investment grade credit rating.

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CONCLUSION

Consistent with the adopted Rate and Budget policy, Staff is recommending that VCE set rates and adopt a budget for 2024 at a level that will fully fund the 2024 budget, prepay our outstanding term loan, continue to build reserves to achieve an initial investment grade credit rating, and provide a level of financial relief to VCE's low-income and at risk customers. Staff will continue to review and report operating results and propose adjustments upwards or downwards for reasons such as changes in operational requirements or reserves reaching 180+ days.

ATTACHMENTS

1. 2024 Operational Budget
2. Resolution 2023-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
ADOPTING THE CUSTOMER RATES AND OPERATING BUDGET FOR YEAR 2024**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, on November 10, 2021, the Board adopted a cost-based rate policy via Resolution 2021-023; and,

WHEREAS, to address volatility driven by forces outside of VCE’s direct control there is a need to adopt rates and operational budgets to cover actual cost and reserve requirements.

WHEREAS, the VCE 2024 proposed Budget for the calendar year 2024 includes Operating Revenues totaling \$106.5M and purchased power and other operating expenses totaling \$82M for a net income of \$24.5M;

WHEREAS, the VCE proposed Standard Green Rates for 2024 will match PG&E 2024 generation rates, and VCE Base Green Rate 2.5% lower than PG&E 2024 generation rates, and VCE will automatically provide CARE and FERA customers the lowest rate option (base green); and,

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts the 2024 proposed Budget and Customer Rates for 2024.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 202, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: 2024 Operating Budget

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 18

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: JPA Amendment and Adoption of Board Compensation and Expense Reimbursement Policy

DATE: December 14, 2023

RECOMMENDATION

Approve the attached resolution (1) amending the Joint Powers Agreement (JPA) section 3.6 Director Compensation and (2) adopting a Board Compensation and Expense Reimbursement Policy.

BACKGROUND & ANALYSIS

At the October 12, 2023 Board Meeting, Staff introduced ([Item 13](#)), a proposed path to amend VCE's Joint Exercise of Powers Agreement (JPA) relating to Section 3.6 Director's Compensation to allow VCE to adopt a compensation and reimbursement Policy. Section 3.6 currently reads:

Section 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 related to the reimbursement by VCE of expenses incurred by the Directors.

At the November 9, 2023 Board Meeting, the Board provided direction ([Item 8](#)) to amend the JPA and recommend a Board of Directors' Compensation and Expense Reimbursement Policy that would govern compensation and reimbursement of expenses for members of VCE's Board of Directors. As noted in the October Board staff report, staff research has shown that some CCAs provide compensation stipends. Additionally, regional JPAs such as the Sacramento Area Council of Governments, Yolo County Transportation District, and others are providing stipends to their respective board of directors for supporting the agency's required board meetings, training, and other related activities. Based on this research and a general understanding of the level of unique sector specific knowledge required to effectively perform Board functions for VCE and these other comparable sector specific public agencies/organizations, staff is recommending that the amendment be approved.

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If the amendment is adopted by the Board of Directors, staff is recommending a stipend amount of \$125 per meeting/day of service. Based on staff research this is in the lower quartile of similar Board compensation stipends. VCE would be authorized to compensate Board members for attending each meeting of the Board of Directors. The recommended Policy (attached) would apply to both regular members of the Board and alternate members. All expenses contained in the policy that are eligible for reimbursement are based on best practices of governmental agencies.

VCE has provided the required notifications to the member agencies 30 days in advance per JPA Section 7.4 for the JPA amendment process. The attached resolution would modify the joint powers agreement section 3.6 above and adopt a Board Compensation and Reimbursement Policy to govern compensation and reimbursable expenses.

CONCLUSION

Staff recommends the Board approve the attached resolution amending VCE's JPA section 3.6 Director Compensation and adopting a Board Compensation and Expense Reimbursement Policy.

Attachments:

1. Third Amendment to the Joint Exercise of Powers Agreement
2. VCE Board Compensation and Expense Reimbursement Policy (DRAFT)
3. Resolution 2023-XXX

**THIRD AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE**

This Third Amendment amends the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (“VCEA”), which was originally entered into as of October 25, 2016 (the “Original Agreement”) as between the County of Yolo, the City of Davis, and the City of Woodland (the “Parties”). The Original Agreement was subsequently amended by that certain First Amendment to the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (the “First Amendment”), dated September 12, 2019 (collectively, the “the First Amended JPA Agreement”). On December 12, 2019, the City of Winters became a signatory and Party to the Agreement pursuant to Section 2.4.2 of the Agreement. The First Amended JPA Agreement was subsequently amended again by that certain Second Amendment to the Joint Exercise of Powers Agreement Relating To and Creating the Valley Clean Energy Alliance (the “Second Amendment”), approved by the Board of Directors (“Board”) on July 14, 2022 (collectively, “the Amended JPA Agreement,” or “Agreement”). The Second Amendment modified Sections 3.7.1 and 3.7.2 of the Agreement to allow Exhibits C and D, “Total Annual Energy” and “Voting Shares”, respectively, to be modified by the Board of Directors (“Board”) and without going through a full amendment process.

This Third Amendment is effective upon notice to the Parties and approval by two-thirds vote of the Board of Directors, 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. Section 3.6 (Director Compensation) of the Amended JPA Agreement provides that the Board may adopt a policy by resolution governing reimbursement by VCEA of expenses incurred by Directors, but does not allow stipends or other Director compensation.
- C. VCEA desires to amend the Agreement to provide that Directors may receive compensation for their services and reimbursement for expenses from VCEA pursuant to a resolution adopted by the Board.
- D. On November 13, 2023, VCEA provided a letter notifying all parties of this proposed Third Amendment.

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:

- 1. Section 3.6 of the Agreement is hereby amended to read as follows:
 - 3.6 Director Compensation. Directors may receive reimbursement of costs and compensation for their services from VCEA pursuant to a Resolution adopted by the Board.

2. All other provisions of the JPA Agreement not expressly modified by this Third Amendment shall remain in full force and effect.

3. This Third Amendment shall take effect immediately upon approval of a two-thirds majority vote of the Board of Directors.



**VALLEY
CLEAN ENERGY**

Valley Clean Energy Alliance

Compensation and Expense Reimbursement Policy (DRAFT)

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Valley Clean Energy Alliance

A. PURPOSE

The (“Policy”) establishes the terms and conditions for members of the Board of Directors to receive per diem compensation and reimbursement of reasonable and necessary expenses when performing their official duties on behalf of Valley Clean Energy Alliance (VCE). The Policy applies to both regular members of the Board and alternate members.

B. DIRECTORS’ COMPENSATION

Pursuant to this Policy adopted by the Board of Directors, VCE is authorized to compensate Board members a stipend in the amount of \$125 for attending each meeting of the Board of Directors. Pursuant to the VCE’s Joint Powers Agreement, the Board of Directors may, from time to time, amend this Policy to change the amount of compensation and/or the maximum number of compensable days per month.

C. COMPENSABLE ACTIVITIES

VCE has identified the following activities to be compensable:

1) Meetings

Each regular Director shall be entitled to receive a stipend for attendance at (1) each meeting of the Board of Directors; (2) each meeting of a standing committee on which the Director serves; (3) each meeting of an ad hoc committee to which the Director has been duly appointed; and (4) each meeting of any joint governmental board, committee, or association to which the Director has been appointed as VCE’s representative. Each alternate Director shall be entitled to compensation for attendance at a meeting when, and only when, the alternate Director attends the meeting in place of the regular Director.

2) Limitations

In no event shall a Director receive compensation for more than one meeting on the same day. Directors may not be compensated for more than six meetings per month.

3) Non-compensable activities

Board members shall not receive compensation for the following activities: (1) attendance at meetings or events of nonprofit organizations or service clubs, except that Board members may receive reimbursement of expenses pursuant to Section D of this Policy when the Board Chair and Executive Officer have authorized the Director to make a presentation on behalf of VCE; (2) VCE sponsored employee events including, but not limited to, an annual employee holiday luncheon and retirement events; (3) parades, festivals, holiday events, or retirement dinners; (4) meetings, without VCE staff present, with existing or potential contractors, vendors, or consultants; (5) meetings of partisan political organizations; (6) meetings, tours, and similar events conducted at the request of the Board member; or (7) any activity not described above.

D. REIMBURSEMENT OF DIRECTORS’ EXPENSES

In accordance with this Policy, VCE will reimburse Directors for certain expenses incurred in connection with the compensable activities described above in Director Compensation; provided,

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however, that Directors shall be authorized to attend CalCCA conferences and shall be eligible for reimbursement of associated expenses as set forth below, including alternate Directors whether or not the alternate Director is attending the conference in place of the regular director.

VCE will not reimburse Directors for any other expense.

1) Mileage for Personal Vehicles

VCE will reimburse Directors for the use of personal vehicles based on actual miles traveled at the then-current “standard mileage rate” adopted by the U.S. Internal Revenue Service for use in deducting the cost of operating an automobile for business purposes. VCE will not reimburse Directors for any other personal vehicle expenses.

When calculating mileage traveled by a Director to attend an event, VCE will use the lesser of (1) the distance from the administrative headquarters of the Director’s member agency to the event, and (2) the actual distance traveled. Mileage reimbursements shall not exceed the cost of the lowest available airfare.

2) Other Transportation Expenses

When travel by personal vehicle is impractical, VCE will reimburse Directors for the actual cost of (1) regularly-scheduled travel by airplane, train, bus, or other commercial carrier, (2) rental cars, and (3) taxis and other comparably priced for-hire vehicles. VCE will also reimburse Directors for related necessary travel expenses such as baggage fees, toll charges, and parking fees. Directors must take advantage of any government or group rates offered by a transportation provider.

Before deciding to travel by air, each Director must consider the total cost of alternatives, including the cost of ground transportation and any necessary lodging. Each Director should also consider alternative departure times, departure and arrival airports, dates, departure times, and stopovers to minimize airfare. Directors should request travel arrangements as early as possible to take advantage of lower airfares.

Generally, VCE will only reimburse Directors for air travel in coach class. When necessary, based on a Director’s physical needs and/or the need to conduct meaningful work during a flight, the Board Chair has the discretion to approve reimbursement of first-class air travel. For trips that will exceed 24 hours, Directors must use their personal cars to travel to and from the airport, and utilize long-term airport parking, rather than pay for a taxi or other transportation to and from the airport.

3) Lodging

VCE will reimburse Directors for actual and necessary lodging expenses incurred in attending a conference, seminar, or meeting. Directors must take advantage of any government rate or group rate for lodging whenever possible. If there is no government or group rate, VCE will reimburse Directors for lodging up to the per diem rate used by the U.S. Internal Revenue Service as the maximum allowable deduction for business-related lodging expenses. The per

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diem rates are set by the General Service Administration (“GSA”) for federal employees. The rates are set forth at GSA.gov/per diem.

4) **Meals**

VCE will reimburse Directors for actual and necessary dining expenses incurred while attending (1) a conference, seminar, or meeting outside of VCE or member jurisdiction locations, or (2) a VCE-related business meeting within VCE facilities. The VCE will reimburse Directors up to the applicable GSA per diem rate for each separate meal set forth at GSA.gov/per diem.

5) **Incidentals**

VCE will reimburse Directors for actual and necessary incidental expenses incurred while attending a conference, seminar, or meeting outside VCE, up to the applicable GSA per diem rate set forth at GSA.gov/per diem. Reimbursable expenses include tips given to drivers, porters, bellhops, baggage carriers, and hotel housekeepers.

6) **Travel Arrangements**

Each Director must utilize VCE staff to arrange all travel, lodging, and event registrations. The Executive Officer shall designate a VCE employee responsible for making these arrangements or designate a single travel agency for use in making all travel arrangements.

7) **Expenses That Are Not Reimbursable**

VCE will not reimburse Directors for the costs of: (1) barber and/or beauty shop services; (2) fines for traffic or parking violations; (3) any person accompanying a Director on a VCE approved trip or event; (4) personal telephone calls; (5) fitness/health facility use; (6) massages; (7) alcoholic beverages; (8) Entertainment (movies, sporting events, etc.); or (9) vehicle expenses other than the standard mileage charge.

8) **Other Expenses**

Any expense that does not meet the requirements of this Policy may be reimbursed only if the Board of Directors approves the expense at a public meeting before the expense is incurred.

E. CONTROL & ACCOUNTABILITY

An information report describing any implemented within budget year rate adjustment authorized under this policy will be provided to the Board at the next regularly scheduled Board Meeting following implementation of the rate adjustment.

1) **Reimbursement Procedure**

Each Director seeking reimbursement must file with the Secretary of the Board an expense report no later than three weeks after the conclusion of the compensable activity. The report shall attach detailed, actual receipts for all expenses. The report shall document that each expense meets the requirements for reimbursement set forth in this policy. Without limiting the foregoing, each report shall identify the compensable activity and the date, nature, and purpose of each expense for which reimbursement is sought. For reimbursement of a personal vehicle

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expense at the standard mileage rate, the expense report shall identify the date of the travel, the actual miles traveled, and the business purpose of the travel. The Executive Officer shall prepare a standard form of expense report for use by Directors in seeking reimbursement.

2) Board Reports

Each Director seeking reimbursement of expenses incurred in connection with an activity shall provide a brief report of the activity at the next regular meeting of the Board of Directors.

3) Penalties

Any Director that misuses public resources or falsifies an expense report required by this Policy is subject to the following penalties: (1) loss of reimbursement privileges; (2) restitution of VCE; (3) civil penalties for misuse of public resources pursuant to Government Code Section 8314; and/or (4) prosecution for misuse of public resources pursuant to Penal Code Section 424.

F. POLICY ADMINISTRATION

The Board must approve amendments to this Policy.

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VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023- _____

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING
AMENDMENT THREE (3) TO VCE'S JOINT POWERS AGENCY (JPA) AND ADOPTING A
COMPENSATION AND EXPENSE REIMBURSEMENT POLICY**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, under Section 2.4.2 of the Joint Exercise of Powers Agreement Relating To and Creating the VCE (“JPA Agreement”), the Board of Directors (“Board”) 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; and,

WHEREAS, in September 2019 the 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; and,

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); and,

WHEREAS, the City of Winters membership in Valley Clean Energy JPA was approved via Resolution 2019-016 effective December 12, 2019; and,

WHEREAS, in July 2022, the Board, Cities of Davis, Woodland and Winters, and Yolo County approved the Second Amendment to the JPA Agreement allowing Exhibits C and D, “Total Annual Energy” and “Voting Shares”, respectively, to be modified by the Board without going through a full amendment process; and,

WHEREAS, pursuant to Section 3.6 of the JPA Agreement, the Board may adopt a policy by resolution governing reimbursement by the VCE of expenses incurred by Directors, but does not allow stipends or other Director compensation; and,

WHEREAS, changes to Exhibits require an amendment of the Agreement, which requires that VCEA provide written notice to all Parties of amendments to the Agreement at least 30 days prior to Board action on the amendment; and,

WHEREAS, VCE desires to amend the JPA Agreement to provide that Directors may receive compensation for their services and reimbursement for expenses from VCEA pursuant to a resolution adopted by the Board; and,

WHEREAS, in accordance with Section 7.4 of the JPA, on November 13, 2023, VCE provided written notice to each jurisdiction of the Third Amendment to the JPA Agreement.

WHEREAS, VCE further desires to adopt a Compensation and Expense Reimbursement Policy for Directors in accordance with the Third Amendment.

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

1. Approve the Third Amendment to the VCE's Joint Exercise of Powers Agreement (JPA).
2. Adopt a Compensation and Expense Reimbursement Policy.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: Exhibit A - Third Amendment to the Joint Powers
Exhibit B – Compensation and Expense Reimbursement Policy