Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, February 11, 2021 at 4:00 p.m.
Via Webinar

Pursuant to the Provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspends certain provisions of the Brown Act and the Orders of the Public Health Officers with jurisdiction over Yolo County, to Shelter in Place and to provide for physical distancing, all members of the Board of Directors and all staff will attend this meeting via Webinar and/or telephonically. Any interested member of the public who wishes to listen in should join this meeting via Zoom Webinar as set forth below.

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 teleconferencing call-in number and Webinar meeting ID code. Teleconference information below to join meeting:

Join meeting via Zoom WEBINAR:

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/81429241969
   Meeting ID: 814 2924 1969

b. **By phone**
   One tap mobile:
   +16699009128,,81429241969# US
   +13462487799,,81429241969# US
   Dial:
   +1-669-900-9128
   +1-346-248-7799
   Meeting ID: 814 2924 1969

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: Dan Carson (Chair/City of Davis), Jesse Loren (Vice Chair/City of Winters), Don Saylor (Yolo County), Tom Stallard (City of Woodland), Lucas Frerichs (City of Davis), Wade Cowan (City of Winters), Gary Sandy (Yolo County), and Mayra Vega (City of Woodland)

4:00 p.m. Call to Order

1. **Welcome**
2. **Approval of Agenda / Designate Board Subcommittee representation**
3. **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. 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

4. **Approve January 21, 2021 Special Board Meeting Minutes.**
5. **Receive 2021 Long Range Calendar.**
6. **Receive Financial Update – December 31, 2020 (unaudited) financial statement.**
7. **Receive Legislative Update.**
8. **Receive February 3, 2021 Regulatory Update provided by Keyes & Fox.**
9. **Receive February 3, 2021 Customer Enrollment Update.**
10. **Receive Community Advisory Committee January 28, 2021 Meeting Summary.**
11. **Update on adjustments to Valley Clean Energy customer rates for 2021 to match Pacific Gas & Electric's generation rates. (Informational)**
12. **Approve changes to employee medical benefits offered by Valley Clean Energy and make corresponding updates to the Employee Handbook. (Action)**

REGULAR AGENDA

13. **Consider approval of 2021 Valley Clean Energy Outreach and Marketing Plan.**
14. **Consider joining the California Community Power Agency Joint Powers Authority to facilitate joint procurement of energy products with other Community Choice Aggregators and Agencies.**
15. **Update on Time of Use (TOU) Rates and implementation schedule. (Informational)**
16. **Update on Sacramento Area Council of Governments (SACOG) Grant "Electrify Yolo" (Electric Vehicle) project. (Informational)**
17. **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.
18. **Adjournment:** The Board has scheduled a meeting for Thursday, March 11, 2021 at 4:00 p.m. to held via teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS SPECIAL MEETING ON THURSDAY, FEBRUARY 11, 2021 AT 4:00 P.M.:

PUBLIC PARTICIPATION. 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.

Verbal public participation during the meeting: If participating during the meeting, there are two (2) ways for the public to provide verbal comments:

1) 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".
2) If you are attending by phone only, you will need to press *9 to raise your hand.

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. If by phone, once called upon, please press *6 to unmute yourself.

Public Comments: If you wish to make a public comment at this meeting, please e-mail your public comment to Meetings@ValleyCleanEnergy.org or notifying the host as described above. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Committee 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 3, 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. E-mail comments received after the item is called will be distributed to the Board and posted on the VCE website so long as they are received by the end of the meeting.

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 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from January 21, 2021 Special Board Meeting

DATE: February 11, 2021

RECOMMENDATION

Receive, review and approve the attached January 21, 2021 Special Board meeting Minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
THURSDAY, JANUARY 21, 2021

The Board of Directors of the Valley Clean Energy Alliance duly noticed their special meeting scheduled for Thursday, January 21, 2021 at 4:00 p.m., to be held via Zoom teleconference. A quorum of the Board Members was established. Chair Dan Carson began the meeting at 4:01 p.m.

Board Members Present:	Dan Carson, Jesse Loren, Tom Stallard, Don Saylor, Lucas Frerichs, Wade Cowan, Mayra Vega, Gary Sandy
Members Absent:	

Welcome – Oaths of Office	Chair Carson welcomed the Board, new Member Mayra Vega, alternate Board Member Gloria Partida (City of Davis), and VCE Staff Edward Burnham, Director of Finance and Internal Operations. Board Clerk Alisa Lembke read the Oath of Office to the following: Gary Sandy, Mayra Vega, Wade Cowan, Tom Stallard, Jesse Loren, and Dan Carson and alternate City of Davis Board Member Gloria Partida.
Approval of Agenda	Director Saylor made a motion to approve the January 21, 2021 Special Board meeting agenda and Consent agenda items, seconded by Director Loren.
Public Comment	Before a vote was taken on the motion to approve the agenda and Consent agenda items, Chair Carson opened the floor for public comment on both the agenda and Consent agenda items. There were no written or verbal public comments.
Approval of Consent Agenda / **Items 4 - 12**	Chair Carson asked if there were any items to be pulled from the Consent agenda. There being none, as motioned above, Director Saylor made a motion to approve the January 21, 2021 Special Board meeting agenda and Consent agenda items, seconded by Director Loren. Motion passed unanimously. The following items were approved, ratified, and/or received: 4. December 10, 2020 Board meeting Minutes; 5. 2021 Long Range Calendar; 6. Financial Updated – November 30, 2020 (unaudited) financial statement; 7. Legislative updated provided by Pacific Policy Group; 8. January 6, 2021 Regulatory update provided by Keyes & Fox; 9. January 5, 2021 Customer Enrollment Update; 10. Community Advisory Committee December 17, 2020 meeting summary; 11. Revised and updated Community Advisory Committee Charge incorporating VCE's 3-year Strategic Plan and Environmental Justice statement; and,

12. Copy of Amendment #1 to Jim Parks Consulting Agreement adding key account tasks and extending the contract by one year.

Item 13: Treasury and Investment report and ratification of County of Yolo Investment Policy

VCE Interim General Manager Mitch Sears introduced this item. VCE Treasurer and Yolo County Chief Financial Officer Chad Rinde reviewed slides summarizing the Treasury and Investment report and County of Yolo Investment Policy. Chair Carson thanked Mr. Rinde and opened the floor to questions from the Board. A few items were discussed. Chair Carson mentioned that in the future, VCE should look into establishing their own policy and policies to support VCE's financial goals and objectives. There were no verbal or written public comments.

Director Loren made a motion to accept the Treasurer's Report and ratify ratify County of Yolo Investment Policy as applicable Investment policy to VCEA for the calendar year 2021, seconded by Director Stallard. Motion passed by the following vote:

AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega
NOES: None
ABSENT: None
ABSTAIN: None

Item 14: Consider participation in Arrearage Management Plan / Resolution 2021-001

Mr. Sears introduced this item. VCE Staff George Vaughn reviewed slides summarizing the Arrearage Management Plan. Mr. Vaughn reported that there are an estimated 680 eligible customer that are in arrears, roughly 1% of VCE's total customers. There were no questions from the Board. There were no verbal or written public comments.

Director Saylor made a motion to:

1. Approve VCE's participation in the California Public Utilities Commission-approved Arrearage Management Program.
2. Direct staff to inform PG&E of VCE's participation in the AMP as soon as practically possible and take all steps necessary for VCE to participate in the program.

Motion seconded by Director Loren. Motion passed as Resolution 2021-001 by the following vote:

AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega
NOES: None
ABSENT: None
ABSTAIN: None

Item 15: Consider Power Purchase Agreement between VCE and Resurgence Solar I,

Mr. Sears introduced this item. VCE Staff Gordon Samuel reviewed slides summarizing the Power Purchase Agreement (PPA). The following Individuals related to this item were present: Kevin Fox, Keyes & Fox; Jim Shandalov, NextEra, Resurgence Solar; and, Megan Poage, Resurgence Solar.
Mr. Shandalov provided a brief description of the project. There were no questions from the Board. Mr. Samuel informed those present that it is

LLC / Resolution 2021-002	projected in 2023 and beyond, that VCE should be at 62% renewable (Renewable Portfolio Standard). There were no verbal or written public comments. Director Frerichs made a motion to: 1. Approve the Power Purchase Agreement (PPA) between VCE and Resurgence Solar I, LLC for 100% of the output for 20 years of the Resurgence Solar I project under development by NextEra Energy Resources. 2. Authorize Interim General Manager to execute the PPA substantially in the form attached hereto as Exhibit A on behalf of VCE, and, in consultation with legal counsel, and authorize to approve minor changes to the PPA so long as the term and price are not changed. Motion seconded by Director Saylor. Motion passed as Resolution 2021-002 by the following vote: AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega NOES: None ABSENT: None ABSTAIN: None
Item 16: Consider Accept/Deny GHG-Free attributes from PG&E for 2021 / Resolution 2021-003	Mr. Sears introduced this item. Mr. Samuel reviewed slides summarizing GHG-free attributes from Pacific Gas & Electric (PG&E) for 2021. There were no questions by the Board. Director Frerichs commented that in his opinion large hydro is acceptable and he has no interest in pursuing nuclear assets. Director Frerichs made a motion to accept large hydro only, seconded by Director Saylor. Director Loren commented that she supports accepting large hydro, but not nuclear. Chair Carson asked if there were any CCAs that accepted nuclear and whether they were able to sell those attributes. Mr. Samuel was not certain if any CCAs took the nuclear attributes nor if they were able to sell them. Mr. Samuel anticipates that PG&E will offer the attributes until Diablo nuclear plant is gone. There were no verbal or written public comments. To recap, Director Frerichs made a motion to: 1. Accept the 2021 allocation of large hydro carbon free attributes paid for by VCE. 2. Reject the 2021 allocation of nuclear power carbon free attributes. 3. Authorize the Interim General Manager is authorized to finalize, execute, and sign all agreements with PG&E on behalf of VCE and in consultation with legal counsel to implement the Board's decision. Motion seconded by Director Saylor. Motion passed as Resolution 2021-003 by the following vote: AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega NOES: None ABSENT: None ABSTAIN: None
Item 17: Consider adoption of 2021	Mr. Sears introduced this item. Mr. Samuel reviewed slides summarizing the 2021 Power Procurement Plan. There were no questions from the Board. The

VCE Power Procurement Plan / Resolution 2021-004

Board and Staff briefly discussed whether the California Public Utilities Commission (CPUC) as the result of shortages and outages last year may ask for more Resource Adequacy (RA) for 2021. There were no verbal or written public comments.

Director Cowan made a motion to:

1. Approve the 2021 Procurement Plan contained in this staff report.
2. Approve Directives and Delegations to SMUD for procuring portions of VCE's power portfolio for calendar year 2021 through 2023, guided by the principals described in this report.
3. Approve the elimination of specific portfolio renewable and carbon-free targets in 2022 to improve procurement and financial flexibility as long-term renewable projects come online.

Motion seconded by Director Saylor. Motion passed as Resolution 2021-004 by the following vote:

AYES: Carson, Loren, Saylor, Stallard, Frerichs, Cowan, Sandy, Vega
NOES: None
ABSENT: None
ABSTAIN: None

Board Member and Staff Announcements

Chair Carson recognized and thanked Community Advisory Committee Chair Christine Shewmaker and Vice Chair Cynthia Rodriguez, who were in attendance of tonight's Board meeting.

Mr. Sears provided an update to the Board: Staff working with the Community Advisory Committee (CAC) Outreach Task Group on the draft 2021 Marketing Outreach Plan to be presented to the CAC at their January meeting for their input; Staff is assessing the "Super" Joint Powers Agency, which will also be presented to the CAC for their input; and, the CAC Leg/Reg Task Group will be coming to the Board for input on several CalCCA backed legislative bills.

Mr. Sears informed those present that enrollment of Winters customers is going well with a 90% participation rate. He reported that Staff will be providing a quarterly update on the Strategic Plan to both the CAC and Board.

Director Saylor thanked Chair Carson and Vice Chair Loren for the leadership press release and for responding quickly to questions and concerns in the communities regarding VCE.

Adjournment

Chair Carson adjourned the meeting at 5:30 p.m. to the next Board meeting scheduled for Thursday, February 11, 2021 at 4 p.m. via teleconference.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2021 Long-Range Calendar

DATE: February 11, 2021

Recommendation

Receive and file the 2021 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

VALLEY CLEAN ENERGY

2021 Meeting Dates and *Proposed* Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
~~January 14, 2021~~ Special Meeting January 21, 2021	**Board** ~~**WOODLAND**~~	• Oaths of Office for Board Members • Approve Updated CAC Charge • Approve 2021 Procurement Plan • Treasurer Function / Investment • GHG Free Attributes • Power Purchase Agreement • Arrearage Management Plan	• Action • Action • Action • Action • Action • Action • Action
January 28, 2021	**Advisory Committee** ~~WOODLAND~~	• Formation of 2021 Task Groups • Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • New Building Electrification • 2021 Marketing Outreach Plan • CA Community Power Agency Joint Powers Authority	• Discussion/Action • Informational • Informational • Informational/Discussion • Action: Recommendation to Board • Action: Recommendation to Board
February 11, 2021	**Board** ~~**DAVIS**~~	• Update on SACOG Grant – Electrify Yolo • 2021 Marketing Outreach Plan • CA Community Power Agency Joint Powers Authority • Update on January 2021 Rates • Update on Time of Use (TOU) roll out	• Informational • Action • Discussion/Action • Informational • Informational
February 25, 2021	**Advisory Committee** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo • 2021 Task Groups – Tasks/Charge • New Building Electrification	• Informational • Discussion/Action • Discussion
March 11, 2021	**Board** ~~**WOODLAND**~~	• Preliminary FY21/22 Operating Budget (Regular) • New Building Electrification	• Review • Discussion/Action

		• Net Energy Metering (NEM) Policy/Donation Program	• Discussion/Action
March 25, 2021	**Advisory Committee** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee	• Discussion
April 8, 2021	**Board** ~~DAVIS~~	• River City Bank Revolving Line of Credit	• Action
April 22, 2021	**Advisory Committee** ~~DAVIS~~	• Re/Appointment of Members to Community Advisory Committee • Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • Carbon Neutrality	• Discussion • Informational • Informational • Informational/Discussion
May 13, 2021	**Board** ~~WINTERS~~	• Update on FY21/22 Operating Budget • Update on SACOG Grant – Electrify Yolo	• Informational • Informational
May 27, 2021	**Advisory Committee** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee • Update on SACOG Grant – Electrify Yolo	• Discussion • Informational
June 10, 2021	**Board** ~~DAVIS~~	• Final Approval of FY21/22 Operating Budget • Receive Enterprise Risk Management Report • Extension of Waiver of Opt-Out Fees for one more year • Re/Appointment of Members to Community Advisory Committee • SMUD CPI Increase Amendment	• Approval • Informational • Action • Action • Action
June 24, 2021	**Advisory Committee** ~~DAVIS~~	•	•
July 8, 2021	**Board** ~~WOODLAND~~	• Renewable Portfolio Standard (RPS) Procurement Plan • River City Bank Line of Credit	• Action • Action
July 22, 2021	**Advisory Committee** ~~WOODLAND~~	• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update	• Informational • Informational

August 12, 2021	**Board** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo	• Informational
August 26, 2021	**Advisory Committee** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo	• Informational
September 9, 2021	**Board** ~~WOODLAND~~	• Approval of FY20/21 Audited Financial Statements (James Marta & Co.) • River City Bank Revolving Line of Credit	• Action • Action
September 23, 2021	**Advisory Committee** ~~WOODLAND~~		
October 14, 2021	**Board** ~~WINTERS~~	• Financial Load Forecast • FY2020/2021 Allocation of Net Margin • Receive Update on 3 year Strategic Plan (adopted Oct. 2020) • Certification of Standard and UltraGreen Products	• Informational • Action • Informational • Action
October 28, 2021	**Advisory Committee** ~~DAVIS~~	• Receive Financial Load Forecast and Allocation of Net Margin information • Update on Power Content Label Customer Mailer • Committee Evaluation of Calendar Year End • Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update	• Informational • Informational • Discussion • Informational • Informational
November 11, 2021 Veterans' Day – Holiday – need to reschedule	**Board** ~~WOODLAND~~	• Certification of Power Content Label • Update on SACOG Grant – Electrify Yolo	• Action • Informational
November 18, 2021 (3rd Thursday of the month due to Thanksgiving holiday)	**Advisory Committee** ~~WOODLAND~~	• Committee Evaluation of Calendar Year End • Review Revised Procurement Guide • Update on SACOG Grant – Electrify Yolo	• Discussion/Action • Action: Recom.to Board • Informational
December 9, 2021	**Board** ~~DAVIS~~	• Receive Enterprise Risk Management Report • Approve Revised Procurement Guide • Receive CAC 2021 Calendar Year End Report • Election of Officers for 2022	• Informational • Action • Receive

			• Nominations
December 16, 2021 (3rd Thursday of the month due to Christmas holiday)	**Advisory Committee** ~~DAVIS~~	• Discuss 2022 Task Group(s) formation • Election of Officers for 2022	• Discussion • Nominations
January 13, 2022	**Board** ~~WOODLAND~~	• Oaths of Office for Board Members • Approve Updated CAC Charge (tentative)	• Action • Action
January 27, 2022	**Advisory Committee** ~~WOODLAND~~	• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update	• Informational • • Informational

Note: CalCCA Annual Meeting EARLY November (tentative)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO Board of Directors

FROM Mitch Sears, Interim General Manager
Edward Burnham, Finance and Operations Director

SUBJECT Financial Update – December 31, 2020 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending December 31, 2020

DATE February 11, 2021

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of December 1, 2020 to December 31, 2020 (with comparative year to date information) and Actual vs. Budget year to date ending December 31, 2020.

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 December 31, 2020.

<u>Financial Statements for the period December 1, 2020 – December 31, 2020</u>
In the Statement of Net Position, VCEA as of December 31, 2020 has a total of $14,038,050 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $ 1,669,378 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of December 31, 2020 $ 240,844. VCEA obligations are incurred on a monthly basis due to staffing, accounting and legal services billed by Member agencies to VCE. All long-term obligations balances have been paid.

The term loan with River City Bank includes a current portion of $395,322 and a long-term portion of $1,153,026 as of December 31, 2020, for a total of $1,548,348. On December 31, 2020, VCE's net position is $15,951,807.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $ 3,150,176 of revenue (net of allowance for doubtful accounts) of which $3,738,140 was billed in December and ($ 851,170) represent estimated unbilled revenue. The cost of the electricity for the December revenue totaled $4,080,932. For December, VCEA's gross margin is approximately -30% and operating income totaled ($1,251,080). The year-to-date change in net position was ($635,877).

In the Statement of Cash Flows, VCEA cash flows from operations was $336,454 due to December cash receipts of revenues being higher than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending December 31, 2020

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

Electric Revenue - $3,800,829 and 13% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.

Purchased Power - $4,817,596 and 18% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.

Legal General Counsel – ($56,852) and (77%) – favorable variance due to services lower than planned from member agencies and no major cases requiring general counsel. This is partially offset by Regulatory legal counsel unfavorable to budgeted by $22K.

Contingency – ($119,378) and (100%) – variance is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:
1) Financial Statements (Unaudited) December 1, 2020 to December 31, 2020 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending December 31, 2020

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF DECEMBER 1 TO DECEMBER 31, 2020

PREPARED ON FEBRUARY 2, 2021

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	14,038,050
Accounts receivable, net of allowance		4,714,595
Accrued revenue		1,460,164
Prepaid expenses		3,125
Other current assets and deposits		6,883
Total current assets		20,222,817
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		1,669,378
Total restricted assets		2,769,378
Noncurrent assets:		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	$	23,092,195
LIABILITIES		
Current liabilities:		
Accounts payable	$	475,561
Accrued payroll		22,971
Interest payable		4,001
Due to member agencies		240,844
Accrued cost of electricity		3,166,158
Other accrued liabilities		(781,582)
Security deposits - energy supplies		2,405,640
User taxes and energy surcharges		58,447
Current Portion of LT Debt		395,322
Total current liabilities		5,987,362
Noncurrent liabilities		
Term Loan- RCB		1,153,026
Total noncurrent liabilities		1,153,026
TOTAL LIABILITIES	$	7,140,388
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		2,769,378
Unrestricted		12,957,929
TOTAL NET POSITION	$	15,951,807

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF DECEMBER 1, 2020 TO DECEMBER 31, 2020
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING DECEMBER 31, 2020	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 3,150,176	$ 33,270,296
TOTAL OPERATING REVENUES	3,150,176	33,270,296
OPERATING EXPENSES		
Cost of electricity	4,080,932	31,648,992
Contract services	186,196	1,428,326
Staff compensation	96,108	565,718
General, administration, and other	38,020	263,826
TOTAL OPERATING EXPENSES	4,401,256	33,906,862
TOTAL OPERATING INCOME (LOSS)	(1,251,080)	(636,566)
NONOPERATING REVENUES (EXPENSES)		
Interest income	4,376	31,096
Interest and related expenses	(4,763)	(30,407)
TOTAL NONOPERATING REVENUES (EXPENSES)	(387)	689
CHANGE IN NET POSITION	(1,251,467)	(635,877)
Net position at beginning of period	17,203,274	16,587,684
Net position at end of period	$ 15,951,807	$ 15,951,807

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF DECEMBER 1 TO DECEMBER 31, 2020
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING DECEMBER 31, 2020	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 4,471,848	$ 36,027,119
Receipts for security deposits with energy suppliers	(100,500)	1,890,000
Payments to purchase electricity	(3,424,799)	(33,074,261)
Payments for contract services, general, and adminstration	(514,207)	(3,095,139)
Payments for staff compensation	(95,888)	(554,551)
Other cash payments	-	(4,343)
Net cash provided (used) by operating activities	336,454	1,188,825
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,940)	(197,658)
Interest and related expenses	(4,707)	(30,841)
Net cash provided (used) by non-capital financing activities	(37,647)	(228,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	4,376	31,096
Net cash provided (used) by investing activities	4,376	31,096
NET CHANGE IN CASH AND CASH EQUIVALENTS	303,183	991,422
Cash and cash equivalents at beginning of period	16,504,245	15,816,006
Cash and cash equivalents at end of period	$ 16,807,428	$ 16,807,428
Cash and cash equivalents included in:		
Cash and cash equivalents	14,038,050	14,038,050
Restricted assets	2,769,378	2,769,378
Cash and cash equivalents at end of period	$ 16,807,428	$ 16,807,428

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF DECEMBER 1 TO DECEMBER 31, 2020
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING DECEMBER 31, 2020		YEAR TO DATE	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING				
Operating Income (Loss)	$	(1,251,080)	$	(636,566)
(Increase) decrease in net accounts receivable		452,743.00	$	1,245,616
(Increase) decrease in accrued revenue		853,122	$	1,513,031
(Increase) decrease in prepaid expenses		10,011	$	(2,500)
(Increase) decrease in inventory - renewable energy credi		913,310	$	-
(Increase) decrease in other assets and deposits		-	$	(4,343)
Increase (decrease) in accounts payable		(69,873)	$	(166,839)
Increase (decrease) in accrued payroll		220	$	11,167
Increase (decrease) in due to member agencies		20,583	$	124,378
Increase (decrease) in accrued cost of electricity		(257,177)	$	(1,425,269)
Increase (decrease) in other accrued liabilities		(250,712)	$	(1,358,026)
Increase (decrease)security deposits with energy supplier		(100,500)	$	1,890,000
Increase (decrease) in user taxes and energy surcharges		15,807	$	(1,824)
Net cash provided (used) by operating activities	$	336,454	$	1,188,825

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2021
FOR THE YEAR TO DATE ENDING 12-31-2020

GL#	Description	12/31/2020 YTD FY2021 Actuals	12/31/2020 YTD FY2021 Budget	YTD Variance	% over/-under
301.00	Electric Revenue	$ 33,270,296	$ 29,469,467	$ 3,800,829	13%
311.00	Interest Revenues	31,096	56,200	(25,104)	-45%
415.00	Purchased Power	31,648,989	26,831,393	4,817,596	18%
	Labor & Benefits	565,717	582,985	(17,268)	-3%
451.10	Salaries & Wages/Benefits	379,387	418,057	(38,670)	-9%
451.20	Contract Labor	139,998	105,551	34,447	33%
453.41	Human Resources & Payroll	46,332	59,377	(13,045)	-22%
	Office Supplies & Other Expenses	79,109	73,414	5,695	8%
452.10	Technology Costs	19,675	10,748	8,927	83%
452.15	Office Supplies	670	1,152	(482)	-42%
452.25	Travel	-	3,048	(3,048)	-100%
452.30	CalCCA Dues	57,564	57,567	(2)	0%
452.35	Memberships	1,200	900	300	33%
	Contractual Services	1,442,061	1,534,473	(92,412)	-6%
453.10	LEAN Energy	3,450	12,000	(8,550)	-71%
453.15	Don Dame	1,910	5,000	(3,090)	-62%
453.20	SMUD - Credit Support	332,656	309,468	23,188	7%
453.21	SMUD - Wholesale Energy Services	287,832	288,278	(446)	0%
453.22	SMUD - Call Center	370,437	366,344	4,093	1%
453.23	SMUD - Operating Services	114,510	140,000	(25,490)	-18%
	Legal Bankruptcy	-	12,300	(12,300)	-100%
	Legal General Counsel	16,948	73,800	(56,852)	-77%
453.36	Regulatory Counsel	116,826	94,956	21,870	23%
453.37	Joint CCA Regulatory counsel	11,451	15,375	(3,924)	-26%
453.38	Legislative	30,000	30,750	(750)	-2%
453.40	Accounting Services	11,261	12,300	(1,039)	-8%
453.42	Audit Fees	43,100	59,963	(16,863)	-28%
453.60	PG&E Acquisition Consulting	849	-	849	100%
459.05	Marketing Collateral	100,831	113,940	(13,109)	-12%
	Rents & Leases	5,791	8,688	(2,897)	-33%
457.10	Hunt Boyer Mansion	5,791	8,688	(2,897)	-33%
	Other A&G	173,349	184,848	(11,499)	-6%
459.10	PG&E Data Fees	154,311	146,487	7,824	5%
459.15	Community Engagement Activities & Sponsorships	2,036	3,075	(1,039)	-34%
459.20	Insurance	2,502	3,771	(1,269)	-34%
459.08	New Member Expenses	-	28,500	(28,500)	-100%
459.70	Banking Fees	14,500	615	13,885	2258%
	Program Costs	-	2,400	(2,400)	-100%
463.00	Miscellaneous Operating Expenses	2,129	3,143	(1,014)	-32%
463.99	Contingency	-	119,378	(119,378)	-100%
	TOTAL OPERATING EXPENSES	$ 33,917,144	$ 29,338,321	$ 4,578,823	16%
481.20	Interest Expense - Munis	-	-	-	0%
481.10	Interest on RCB loan	29,760	30,192	(432)	-1%
482.10	Interest Expense - SMUD	646	646	-	0%
	NET INCOME	$ (646,158)	$ 156,508	$ (802,666)	-513%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: February 11, 2021

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Legislative - Regulatory Task Group on several legislative bills. Below is a summary:

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Legislative - Regulatory Task Group on several legislative bills. Below is a summary:

The Legislature is approaching its first major deadline of the 2021 legislative session as legislators have until February 19, 2021 to introduce their bills. As reported last month, an unofficial policy has been instituted that would limit each legislator to only 12 bills that may advance. This policy is being heeded by the majority of legislators as they refine their legislative package for the session. As such, the number of bills introduced to date has been relatively minimal.

Staff and Pacific Policy Group are aware of two legislative efforts that will require VCE's engagement. Those legislative efforts are:

1. Legislation sponsored by CalCCA to clarify certain aspects of the Power Charge Indifference Adjustment (PCIA) so that there is more transparency in the assets and energy attributes that makeup the PCIA. Senator Portantino (D - La Cañada-Flintridge) has agreed to author the legislation, which has yet to be formally introduced.
2. Legislation that a subset of CCAs is pursuing (MCE, C3E, PCE, and Pioneer) to allow CCAs access to the BioMAT program administered by the CPUC. The program requires the big three IOUs to procure a certain amount of megawatts of bioenergy and use a feed-in-tariff to control costs. The underlying statute explicitly states the program is for electrical corporations, thus the CPUC's interpretation is that CCAs cannot access BioMAT. The legislation would add load-serving entities to the statute to allow CCAs to access BioMAT. An author has yet to be secured but a coordinated effort is underway to ensure an author is in place.

Staff will bring both items before the Board to consider taking a support position once the more information is available and the bills are in print.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: February 11, 2021

Please find attached Keyes & Fox's January 2021 Regulatory Memorandum dated February 3, 2021, 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 February 3, 2021

KEYES&FOX LLP

Valley Clean Energy Alliance

Regulatory Monitoring Report

To:	Valley Clean Energy Alliance ("VCE") Board of Directors
From:	Sheridan Pauker, Partner, Keyes & Fox, LLP Tim Lindl, Partner, Keyes & Fox LLP Ben Inskeep, Principal Analyst, EQ Research, LLC
Subject:	Regulatory Update
Date:	February 3, 2021

Summary

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

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

- **Ensuring Summer 2021 Reliability:** The ALJ issued a Proposed Decision that would direct PG&E, SCE, and SDG&E to contract for capacity that is available to serve peak and net peak demand in the summer of 2021 and seek approval for cost recovery in rates. Parties filed opening and reply comments, respectively, on the PD. Parties including VCE also filed opening and reply testimony covering additional topics. The ALJ issued a Ruling denying motions by Protect Our Communities Foundation and the Utility Consumers' Action Network and determining that there will not be evidentiary hearings (originally scheduled for January 27-29) in this proceeding.
- **IRP Rulemaking:** The ALJ issued a Proposed Decision that recommends electricity resource portfolios to CAISO to study in its 2021-2022 Transmission Planning Process. Parties filed comments and reply comments on the PD. VCE submitted its compliance filing demonstrating its progress towards its incremental procurement ordered by D.19-11-016.
- **RPS Rulemaking:** The CPUC issued D.21-01-005, directing retail sellers including VCE to file their final 2020 RPS Procurement Plans by February 19, 2021.
- **RA Rulemaking (2021-2022):** Parties filed Track 3B.2 proposals on January 15, 2021, and Track 3B.1 and Track 4 proposals on January 28, 2021.
- **PG&E's Phase 2 GRC:** The ALJ issued a Ruling revising the procedural schedule as requested by parties. The ALJ also denied a PG&E Motion to Consolidate this proceeding with its application requesting a commercial EV day-ahead hourly real-time pricing pilot (A.20-10-011). Parties including PG&E subsequently filed a Joint Motion, requesting that real-time pricing rate design issues be bifurcated from the main procedural schedule, and a separate schedule be adopted to resolve these issues. PG&E also hosted settlement discussions with parties in January 2021 and provided a status report on January 29, 2021.

- **PCIA Rulemaking:** Parties filed comments in response to the questions provided by the Commission with regard to whether the PCIA rate cap should be eliminated (no party opposed doing so) and process changes that should be made to the ERRA Forecast cases.
- **PG&E Regionalization Plan**: No updates this month. PG&E's updated regionalization proposal is due February 26, 2021.
- **Direct Access Rulemaking**: No updates this month. On October 16, 2020, and October 26, 2020, respectively, parties filed comments and replies in response to the ALJ Ruling providing a Staff Report and recommendation to the Legislature regarding a potential additional expansion of direct access for nonresidential customers.
- **RA Rulemaking (2019-2020):** No updates this month. Two applications for rehearing remain the only outstanding items to be addressed in this proceeding, which is now closed.
- **Investigation into PG&E's Organization, Culture and Governance:** No updates this month. On November 24, 2020, CPUC President sent a letter to PG&E indicating that she has directed CPUC staff to conduct fact-finding to determine whether to recommend that PG&E be placed into the enhanced oversight and enforcement process.
- **PG&E's 2019 ERRA Compliance:** No updates this month. On November 16, 2020, Joint CCAs and PG&E filed reply briefs on remaining issues not addressed in the pending Settlement Agreement.
- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month. An August PG&E Application for Rehearing remains pending regarding D.19-06-027, establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay.

Ensuring Summer 2021 Reliability

On January 8, 2021, the ALJ issued a Proposed Decision that would direct PG&E, SCE, and SDG&E to contract for capacity that is available to serve peak and net peak demand in the summer of 2021 and seek approval for cost recovery in rates. Parties filed opening and reply comments, respectively, on the PD on January 28, 2021, and February 2, 2021. Parties including VCE also filed opening and reply testimony, respectively, covering additional topics on January 11, 2021, and January 19, 2021. On January 26, 2021, the ALJ issued a Ruling denying motions by Protect Our Communities Foundation and the Utility Consumers' Action Network and determining that there will not be evidentiary hearings (originally scheduled for January 27-29) in this proceeding.

- **Background**: CAISO experienced rolling blackouts (Stage 3 Emergency) on August 14, 2020 and August 15, 2020 when a heatwave struck the Western U.S. and there was insufficient available supply to meet high demand. The OIR was issued to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021.

  The Scoping Memo and Ruling identified two primary issues as in scope: (1) how to increase energy supply and (2) decrease demand during the peak demand and net demand peak hours in the event that a heat storm similar to the August 2020 storm occurs in the summer of 2021. This OIR will only focus on actions that the Commission can adopt by April 2021 and that the parties can implement before the summer of 2021. With respect to increasing supply during peak and net peak demand hours, this proceeding will consider: (1) expedited procurement that could be online by summer 2021 and 2022, including the expansion of gas-fired generation assets; (2) potential mechanism to update the RA requirements for summer 2021; (3) potential support for the CAISO's CPM to procure additional capacity for summer 2021; (4) stack analysis of resource availability and needs for summer 2021; (5) expedited LSE IRP procurement; and (6) other opportunities to increase supply for summer 2021. To reduce demand during peak and net peak demand hours, this proceeding will consider: (1) Flex Alert paid media and social media; (2) Critical Peak Pricing; (3) out-of-market and outside of the RA framework emergency load reduction program; (4) modifications to the reliability demand response programs, including Base Interruptible Program, Agriculture Pump Interruptible, and Air Conditioner cycling; (5) modifications to Proxy Demand Resources such as the Capacity Bidding Program; (6) other considerations for Demand Response Resources; (7) electric vehicle load; and (8) other opportunities to reduce peak demand and net peak demand hours in summer 2021.

- **Details**: VCE's opening testimony provided its proposal for an Agricultural AutoDR Demand Flexibility Pilot, which could made available to customers on irrigation pumping tariffs.

  The PD does not address approaches for decreasing demand to improve reliability, including VCE's suggestion, which will be separately considered in a proposed decision anticipated to be issued in March. It would direct IOU procurements for capacity that is available to serve peak and net peak demand in the summer of 2021 on behalf of all customers with the costs and benefits allocated to benefitting customers through the existing Cost Allocation Mechanism (CAM). The IOU procurements could include incremental capacity from efficiency upgrades at existing plants, revised PPAs, re-contracting with generation at risk of retirement, and incremental storage. They could also include RA-only contracts or contracts with tolling agreements and they may include utility-owned generation. The IOUs would be required to submit contracts as advice letters by February 15.

- **Analysis**: The pending PD is focused on IOU procurements, but it could impact VCE customer rates as cost recovery will occur through the CAM. This proceeding could also result in CPUC directives that could encourage VCE and others to take additional actions that result in greater resource availability or load reduction during the summer 2021 peak and net peak periods. It could also indirectly affect VCE customers, such as by directing IOUs to take specific actions to increase RA availability and capacity that VCE customers could be required to pay for. The focus of this proceeding is on summer 2021 reliability, so final orders will be issued by April 2021 and implemented quickly thereafter.

- **Next Steps**: Opening and reply briefs are due February 5, 2021, and February 12, 2021, respectively. The IOUs must submit contracts as advice letters by February 15, 2021. The proposed decision will be issued in early to mid-March, followed by the issuance of a final decision in March or April.

- **Additional Information**: Proposed Decision directing IOUs to seek additional capacity for summer 2021 (January 8, 2021); Ruling modifying procedural schedule (December 30, 2020); Assigned Commissioner's Ruling directing IOU contracts for additional capacity (December 28, 2020); Scoping Memo and Ruling (December 21, 2020); ALJ Ruling and Staff Proposal (December 18, 2020); Email Ruling on emergency capacity procurement (December 11, 2020); Order Instituting Rulemaking (November 20, 2020); Docket No. R.20-11-003.

IRP Rulemaking

On January 7, 2020, the ALJ issued a Proposed Decision that recommends electricity resource portfolios to CAISO to study in its 2021-2022 Transmission Planning Process (TPP). Parties filed comments and reply comments, respectively, on January 27, 2021, and February 2, 2021. On February 1, 2021, VCE submitted its compliance filing demonstrating it progress towards its incremental procurement ordered by D.19-11-016.

- **Background**: In the CPUC's IRP process, the Reference System Portfolio (RSP) is a proposed statewide IRP portfolio that sets a statewide benchmark for later IRPs filed by individual LSEs. The CPUC ultimately adopts a Preferred System Portfolio (PSP) after LSEs submit individual IRPs to be used in statewide planning and future procurement. On September 1, 2020, LSEs including VCE filed their 2020 IRPs, which included updates on each LSE's progress towards completing additional system RA procurement ordered for the 2021-2023 years under D.19-11-016.

The September 24 Scoping Memo and Ruling clarifies that the issues planned to be resolved into this proceeding are organized into the following tracks:

- General IRP oversight issues: This track will consider moving from a two-year to a three-year IRP cycle, IRP filing requirements, and interagency work implementing SB 100.
- Procurement track: First, the proceeding will resolve capacity procurement issues with respect to D.19-11-016. The CPUC will then focus on examining LSE plans to replace Diablo Canyon capacity and conduct an overall assessment and gap analysis to inform a procurement order that could direct LSEs to procure additional capacity. Other issues to be addressed in this track include (1) evaluation of development needs for long-duration storage, out-of-state wind, offshore wind, geothermal, and other resources with long development lead times; (2) local reliability needs; and (3) analysis of the need for specific natural gas plants in local areas. Additional procurement requirements may also be considered.
- Preferred System Portfolio Development: The CPUC will aggregate LSE portfolios, analyze the aggregate portfolio, and adopt a PSP.
- TPP: The PSP analysis will likely lead to a portfolio to be transmitted by the CPUC to the CAISO for use in its TPP analysis.
- Reference System Portfolio Development: To the extent that a new round of RSP analysis is conducted for the next IRP cycle, this proceeding will be the venue for developing and vetting the resource assumptions associated with that analysis in preparation for the next IRP cycle.

D.20-12-044 established a backstop procurement process that would apply to LSEs that did not opt-out of self-procuring their capacity obligations under D.19-11-016. It would require LSEs to file bi-annual (due February 1 and August 1) updates of their procurement progress relative to the contractual and procurement milestones defined in the decision. After review of the compliance filings, CPUC Staff will bring a Resolution before the Commission specifying the amount of backstop procurement required for a particular IOU on behalf of each LSE for each procurement tranche (2021, 2022, and 2023).

- **Details**: The PD recommends the following electricity resource portfolios to CAISO to study in its 2021-2022 TPP:
  - Base case portfolio, for both reliability and policy-driven purposes, to be used to determine transmission investments needed: a portfolio that meets a 46 million metric ton (MMT) greenhouse gas (GHG) emissions target in 2031, with additional pumped storage and out-of-state renewables included compared to the portfolio adopted in D.20-03-028, which adopted the Reference System Portfolio used by LSEs in 2020 IRPs. (Numerous parties, including CalCCA, advocated for the Commission to use a lower 38 MMT GHG emissions target case for 2030 as the base case.) This base case portfolio includes approximately 10 GW of new battery storage, 15 GW of new in-state renewables, and over 1 GW of out-of-state renewables.
  - Two sensitivity portfolios, for study purposes: (1) A portfolio that meets a 38 MMT GHG emissions target in 2031. This portfolio includes approximately 20 GW of new in-state renewables, over 10 GW of new battery storage, and 3 GW of out-of-state renewables. (2) A portfolio that includes a large segment of offshore wind, to improve the transmission assumptions relevant to offshore wind for the benefit of future planning.
  - Resource-to-busbar mapping methodology: Includes improvements to the initial recommended methodology to prioritize siting of preferred resources, especially battery storage, in disadvantaged communities and/or local capacity areas with poor air quality.
- **Analysis**: D.20-12-044 established a backstop procurement process for procurement ordered under D.19-11-016, which provides more clarity on the process going forward for determining if backstop procurement is needed. VCE demonstrated compliance with D.19-11-016 with respect

to achieving all of the specified "milestones" required for its August 2021 requirement, and also showed that it has made progress on fulfilling its 2022 and 2023 requirements by executing contracts, so this process is unlikely to apply to VCE if it continues to demonstrate that the underlying projects are moving forward and, ultimately, achieve commercial operation. VCE will provide biannual compliance filings to the Commission providing an update on the status of its incremental procurement. The Staff Proposal providing a conceptual foundation for all future procurement informed by the IRP process contains a number of proposals that could undermine VCE's procurement autonomy.

- **Next Steps**: The schedule is as follows:
    - General IRP oversight issues: A Proposed Decision on moving from two-year to three-year IRP cycle is anticipated to be issued soon.
    - Procurement track: The CPUC is expected to issue a Ruling soon with its Diablo Canyon replacement power analysis, gap analysis, and proposing procurement strategy for any additional needed power, along with a proposed broader framework for IRP procurement. Comments are anticipated to be due in February 2021 (date TBD).
    - Preferred System Portfolio Development: A workshop on a reconciled portfolio aggregation of all LSE IRPs is anticipated for Q1 2021.
    - TPP: The PD may be heard, at the earliest, at the CPUC's February 11, 2021 Business Meeting.
- **Additional Information**: Proposed Decision recommending portfolios for CAISO's 2021-2022 TPP (January 7, 2021); D.20-12-044 establishing a backstop procurement process (December 22, 2020); Ruling requesting comments on IRP evaluation (December 8, 2020); Ruling providing Staff Proposal on resource procurement framework (November 19, 2020); Email Ruling requesting comments on individual LSE IRPs (October 9, 2020); Scoping Memo and Ruling (September 24, 2020); Resolution E-5080 (August 7, 2020); Ruling on IRP cycle and schedule (June 15, 2020); Ruling on backstop procurement and cost allocation mechanisms (June 5, 2020); Order Instituting Rulemaking (May 14, 2020); Docket No. R.20-05-003.

RPS Rulemaking

On January 20, 2021, the CPUC issued D.21-01-005, directing retail sellers including VCE to file their final 2020 RPS Procurement Plans by February 19, 2021.

- **Background**: This proceeding addresses ongoing RPS issues. VCE submitted its 2020 RPS Procurement Plan on July 6, 2020 and its 2019 RPS Compliance Report on August 3, 2020. On August 12, 2020, VCE filed a Motion requesting to update its 2020 RPS Procurement Plan to make several minor clerical corrections to its Plan and noting to the CPUC that VCE anticipated terminating its PPA with Rugged Solar in August 2020.

  On February 27, 2020, the ALJ issued a Ruling requesting comments on a Staff Proposal making changes to confidentiality rules regarding the RPS program. No subsequent action has been taken by the CPUC on this proposal to date.

  Staff's Proposed Framework for integrating RPS Procurement Plan requirements into the IRP proceeding uses a two-phased approach that makes a relatively minor change to RPS reporting in the current IRP cycle, while fully integrating all elements of RPS Procurement Plans into the next IRP cycle, proposed to commence in the 2023 calendar year (instead of 2022, under the current two-year cycle, although the issue of a two-year versus three-year cycle is not discussed).
- **Details**: A large group of Joint CCAs had filed comments contesting the CPUC's statutory authority to adopt criteria for bid selection and evaluation (including least-cost best-fit methodologies) and to apply the minimum margin of procurement methodology to CCAs, but the CPUC rejected the CCAs' arguments in its decision. D.21-01-005 identifies where VCE has achieved compliance and provides specific guidance on how VCE's draft 2020 RPS Procurement

Plan needs to be modified in the final 2020 RPS Procurement Plan to achieve compliance on remaining sections.

- **Analysis**: D.21-01-005 largely praised VCE's draft 2020 RPS Procurement Plan, pointing to it as a "best example" or "best practice" in seven sections of the Plan for other LSEs to emulate in their updates. It also identified several areas for VCE to update or modify in its final 2020 RPS Procurement Plan submission. The Decision's specificity in detailing best examples and areas needing improvement reduces the uncertainty for how draft plans need to be modified to achieve compliance compared to prior years.

  Other issues to be addressed in this proceeding could further impact future RPS compliance obligations.

- **Next Steps**: VCE plans to file a final 2020 RPS Procurement Plan with updates, as directed by and specified in D.21-01-005, on February 19, 2021. A PD aligning RPS and IRP filings is also anticipated to be issued soon.

  It is unclear if the CPUC intends to issue a PD regarding RPS confidentiality and transparency issues, as had been proposed in a February 2020 Ruling.

- **Additional Information**: D.21-01-005 directing retail sellers to file final 2020 RPS Procurement Plans (January 20, 2021); Order Granting Rehearing of D.17-08-021 (November 23, 2020); D.20-10-005 resuming and modifying the ReMAT program (October 16, 2020); D.20-09-022 on new CCA 2019 RPS Procurement Plans (approved at CPUC's September 24, 2020 meeting); Ruling on Staff proposal aligning RPS/IRP filings (September 18, 2020); D.20-08-043 resuming and modifying the BioMAT program (September 1, 2020); VCE Motion to Update its 2020 RPS Procurement Plan (August 12, 2020); Assigned Commissioner Ruling (ACR) establishing 2020 RPS Procurement Plan requirements (May 6, 2020); D.20-02-040 correcting D.19-12-042 on 2019 RPS Procurement Plans (February 21, 2020); Ruling on RPS confidentiality and transparency issues (February 27, 2020); D.19-12-042 on 2019 RPS Procurement Plans (December 30, 2019); D.19-06-023 on implementing SB 100 (May 22, 2019); D.19-02-007 (February 28, 2019); Scoping Ruling (November 9, 2018); Docket No. R.18-07-003.

RA Rulemaking (2021-2022)

Parties filed Track 3B.2 proposals on January 15, 2021, and Track 3B.1 and Track 4 proposals on January 28, 2021.

- **Background**: This proceeding is divided into 4 tracks. The first two tracks have concluded, and the proceeding is now focused on Track 3B.1, 3B.2, and Track 4 issues, described in more detail below. Track 3B.1 is considering incentives for LSEs that are deficient in year-ahead RA filings, refinements to the MCC buckets adopted in D.20-06-031, and other time-sensitive issues. Track 3B.2 includes examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements. Track 4 is considering the 2022 program year requirements for System and Flexible RA, and the 2022-2024 Local RA requirements.

  D.20-12-006 addressed the issues of the financial credit mechanism and competitive neutrality rules for the central procurement entities. It approved CalCCA's proposed "Option 2," with modifications, which allows the CPE to evaluate the shown resource alongside bid resources to assess the effectiveness of the portfolio. The financial credit mechanism will apply only to new preferred or energy storage resources (i.e., non-fossil-based resources) with a contract executed on or after June 17, 2020. It also adopted PG&E's competitive neutrality proposal for PG&E's service territory. Finally, D.20-12-006 found that the Local Capacity Requirements Working Group should continue to discuss recommendations and develop solutions for consideration in CAISO's 2022 LCR process.

  Details: The December 2020 Scoping Memo and Ruling divided Track 3B into two sub-tracks to separate the larger structural changes that may require additional process following the June 2021 decision, from other interim changes. The scope of Track 3B.1 will include consideration of incentives for LSEs that are deficient in year-ahead RA filings, refinements to the MCC buckets adopted in D.20-06-031, and other time-sensitive issues. The scope of Track 3B.2 includes examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements. Track 4 issues include adoption of (1) 2022-2024 Local Capacity Requirements (LCR), (2) 2022 Flexible Capacity Requirements (FCR), and (3) 2022 System RA requirements. Track 4 will also consider other refinements to the RA program, including capacity values for Behind-the-Meter hybrid storage/solar resources and a Demand Response Working Group Report on Load Impact Protocol and Qualifying Capacity recommendations.

- **Analysis**: Regulatory developments under consideration in this proceeding could have a significant impact on VCE's capacity procurement obligations and RA compliance filing requirements. A broad array of changes to the RA construct are under consideration, including the consideration of hourly capacity requirements in light of the increasing deployment of use-limited resources; modifications to maximum cumulative capacity buckets and whether the RA program should *cap* use-limited and preferred resources such as wind and solar; the potential expansion of multi-year local forward RA to system or flexible resources; RA penalties and waivers; and Marginal ELCC counting conventions for solar, wind and hybrid resources. The resolution of these issues could impact the extent to which VCE is permitted to rely on use-limited resources such as solar and wind to meet its RA obligations, the amount of RA that is credited to these types of resources, and what penalties (and waivers) would apply should there be a deficiency in meeting an RA requirement.

- **Next Steps**: Track 3B.1: A workshop on Track 3B.1 proposals will be scheduled for February; comments are due March 12, 2021; reply comments are due March 26, 2021; and a Proposed Decision is expected May 2021.

  Track 3B.2: A workshop on revised Track 3.B2 proposals is scheduled for February 8-10, 2021; second revised Track 3.B proposals are due February 26, 2021; comments are due March 12, 2021; reply comments are due March 23, 2021; and a Proposed Decision is expected May 2021.

  Track 4: The final LCR Working Group Report is due February 12, 2021; a workshop on Track 4 proposals will be held in February; comments are due March 12, 2021; reply comments are due March 26, 2021; and a Proposed Decision is expected May 2021.

- **Additional Information**: Ruling and Addendum to Energy Division Issue Paper and Draft Straw Proposal for Consideration in Track 3B.2 of Proceeding R.19-11-009 (December 21, 2020); Scoping Memo and Ruling for Track 3B and Track 4 (December 11, 2020); D.20-12-006 on Track 3.A issues (December 4, 2020); Amended Scoping Memo on Track 3 (July 7, 2020); D.20-06-031 on local and flexible RA requirements and RA program refinements (June 30, 2020); 2021 Final Flexible Capacity Needs Assessment (May 15, 2020); 2021 Final Local Capacity Technical Study (May 1, 2020); Scoping Memo and Ruling (January 22, 2020); Order Instituting Rulemaking (November 13, 2019); Docket No. R.19-11-009.

PG&E's Phase 2 GRC

On January 12, 2021, the ALJ issued a Ruling revising the procedural schedule as requested by parties. On January 15, 2021, the ALJ denied a PG&E Motion to Consolidate this proceeding with its application requesting a commercial EV day-ahead hourly real-time pricing pilot (A.20-10-011). Parties including PG&E filed a Joint Motion on January 29, 2021, requesting that real-time pricing rate design issues be bifurcated from the main procedural schedule, and a separate schedule be adopted to resolve these issues. PG&E also hosted settlement discussions with parties in January 2021 and provided a status report on January 29, 2021.

- **Background**: PG&E's 2020 Phase 2 General Rate Case (GRC) addresses marginal cost, revenue allocation and rate design issues covering the next three years. PG&E's pending Phase 1 GRC (filed in December 2018 via a separate proceeding) will set the revenue requirement that will carry through to the rates ultimately adopted in this proceeding.

In this proceeding, PG&E seeks modifications to its rates for distribution, generation, and its public purpose program (PPP) non-bypassable charge. PG&E proposes to implement a plan to move all customer classes to their full cost of service over a six-year period (the first three years of which are covered by this GRC Phase 2) via incremental annual steps. PG&E proposes to use marginal costs for purposes of revenue allocation and to adjust distribution one-sixth of the way to full cost of service each year over a six-year transition period.

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

Joint CCAs' testimony recommended that:

- PG&E present class- and vintage-specific PCIA rates on individual rate schedules, consistent with other NBCs for both bundled and unbundled customers.
- The CPUC not allow PG&E to offer Economic Development Rate Generation rates below PG&E's Marginal Generation Cost of Service.
- PG&E's E-ELEC offering should be analyzed further and refined in a proceeding that allows more detailed consideration in rate making.
- The Commission adopt PG&E's proposal regarding minimum time-of-use rates such that no proposed retail rate is below the PCIA.

- **Details**: Settlement discussions are ongoing.
- **Analysis**: This proceeding will not impact the transparency between a bundled and unbundled customer's bills because of the Working Group 1 decision in the PCIA rulemaking, though the JCCAs recommend in testimony that more transparency be reflected in utility tariffs. However, it will affect the allocation of PG&E's revenues requirements among VCE's different rate classes. It will also affect distribution and PPP charges paid by VCE customers to PG&E. Further, PG&E includes a cost-of-service study the purpose of which is to establish the groundwork for separating net metering customers into a separate customer class in the utility's next rate case. If PG&E's proposed CCA fee revisions are adopted, it could increase the cost VCE pays to PG&E for various services, to the extent VCE uses these services.
- **Next Steps**: Rebuttal testimony is due February 23, 2021. An evidentiary hearing is tentatively scheduled for April 8-21, 2021. A CPUC decision is anticipated for mid-November 2021.
- **Additional Information**: Ruling revising procedural schedule (January 12, 2021); PG&E Status Report (December 18, 2020); Motion to Consolidate (December 18, 2020); D.20-09-021 on EUS budget (September 28, 2020); Ruling scheduling public participation hearings (August 20, 2020); Ruling extending procedural schedule (July 13, 2020); Exhibit (PG&E-5) (May 15, 2020); Scoping Memo and Ruling (February 10, 2020); Application, Exhibit (PG&E-1): Overview and Policy, Exhibit (PG&E-2): Cost of Service, Exhibit (PG&E-3): Revenue Allocation, Rate Design and Rate Programs, and Exhibit (PG&E-4): Appendices (November 22, 2019); Docket No. A.19-11-019.

PCIA Rulemaking

Parties filed comments in response to the questions provided in Attachment A of the Amended Scoping Memo and Ruling on January 22, 2021.

- **Background**: D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity. In the Joint IOUs' PFM of D.18-10-019 in this proceeding, filed concurrently with a PFM of D.17-08-026 in R.02-01-011, the Joint Utilities requested changes to the calculations for applying line losses in the PCIA calculations. First, the Joint IOUs argued that the current formula incorrectly applies line loss adjustments to the RA component of the PCIA calculation. Second, the Joint IOUs argued that the PCIA Template is inconsistent it its application of line losses with respect to the calculation of energy market value. The net impact of these two issues, according to the Joint Utilities, is an overstated forecast of portfolio market value with all customers initially underpaying the PCIA.

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

D.20-08-004, in response to the recommendations of Working Group 2, (1) adopted the consensus framework of PCIA prepayment agreements; (2) adopted the consensus guiding principles, except for one principle regarding partial payments; (3) adopted evaluation criteria for prepayment agreements; (4) did not adopt any proposed prepayment concepts; and (5) clarified that risk should be incorporated into the prepayment calculations by using mutually acceptable terms and conditions that adequately mitigate the risks identified by Working Group Two.

The CPUC has not yet issued a Proposed Decision regarding Working Group 3.

- **Details**: The Amended Scoping Memo and Ruling added four issues to the scope of Phase 2 of this proceeding. CalCCA, direct access providers, CalAdvocates, TURN, and the utilities responded, as follows:
    - Should the Commission remove or modify the PCIA cap? No party opposed removing the rate cap.
    - Should the Commission modify deadlines or requirements of ERRA and PCIA related submittals and reports in order to increase time for parties to review PCIA data and to facilitate timely implementation of decisions in the ERRA proceedings? CalCCA and the utilities proposed competing modifications to allow more time for the ERRA forecast proceeding.
    - Should the Commission adopt a methodology for crediting or charging customers who depart from the utility service during an amortization period and who are responsible for a balance in the PCIA Undercollection Balancing Account, the Energy Resource Recovery Account, or any other bundled generation account? Both CalCCA and the utilities agreed such a mechanism should be developed, and both pointed to existing practices providing for such credits or charges.
    - Should the Commission consider any other changes necessary to ensure efficient implementation of PCIA issues within ERRA proceedings? The utilities proposed a netting treatment used by SCE be adopted more broadly to avoid recurring ERRA trigger filings as well as the development of a REC tracking framework to track Retained RPS on a going-forward basis. CalCCA recommended the development of a non-docket specific non-disclosure agreement to increase transparency and, in turn, CCAs' ability to forecast where the PCIA is heading based on utility-specific (and currently confidential) data.
- **Analysis**: The 2021 PCIA rate will be implemented through the 2021 ERRA Forecast proceeding, described above.
- **Next Steps**: Reply comments are due February 5, 2021. A PD is anticipated to be issued in Q2 2021.
- **Additional Information**: Amended Scoping Memo and Ruling (December 16, 2020); CalCCA/DACC/AReM Protest of PG&E AL 5973-E (November 2, 2020); PG&E AL 5973-E (October 12, 2020); CalCCA/DACC Response to Joint IOU AL on D.20-03-019 (September 21,

2020); Joint IOUs PFM of D.18-10-019 (August 7, 2020); D.20-08-004 on Working Group 2 PCIA Prepayment (August 6, 2020); D.20-06-032 denying PFM of D.18-07-009 (July 3, 2020); D.20-03-019 on departing load forecast and presentation of the PCIA (April 6, 2020); Ruling modifying procedural schedule for working group 3 (January 22, 2020); D.20-01-030 denying rehearing of D.18-10-019 as modified (January 21, 2020); D.19-10-001 (October 17, 2019); Phase 2 Scoping Memo and Ruling (February 1, 2019); D.18-10-019 Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. R.17-06-026.

PG&E Regionalization Plan

No updates this month. PG&E's updated regionalization proposal is due February 26, 2021.

- **Background**: PG&E was directed to file a regionalization proposal as a condition of CPUC approval of its Plan of Reorganization in I.19-09-016. On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. PG&E proposes to divide its service area into five new regions: North Coast, Sierra, Bay Area, Central Coast, and Central Valley. The regional boundaries will align with county boundaries. Yolo County would be part of PG&E Region 1 (North Coast), grouped together with the following counties: Colusa, Glenn, Humboldt, Lake, Mendocino, Napa, Sacramento, Solano, Sonoma, and Trinity. PG&E will appoint a Regional Vice President by June 2021 to lead each region, along with Regional Safety Directors to lead its safety efforts in each region.

  The new regions would include five functional groups that report to the Regional Vice President encompassing various functions including: (1) Customer Field Operations, (2) Local Electric Maintenance and Construction, (3) Local Gas M&C, (4) Regional Planning and Coordination, and (5) Community and Customer Engagement. Other functions will remain centralized, such as electric and gas operations, risk management, enterprise health and safety, the majority of existing Customer Care and regulatory and external affairs, supply, power generation, human resources, finance, and general counsel. PG&E will propose in a separate proceeding the enterprise-level safety and operational metrics it is developing that could also be considered to evaluate the effectiveness of its regionalization implementation. PG&E proposes a phased implementation, with progress establishing all regions in 2021, although some functions would not be fully shifted until 2022. PG&E also proposes to establish a Regional Plan Memorandum Account to record any incremental costs PG&E may incur in connection with development and implementation of regionalization.

  In August, parties filed protests and responses to PG&E's application. Of note, South San Joaquin Irrigation District filed a Protest arguing that PG&E's regionalization effort should not create a moratorium or interfere with municipalization efforts. In addition, five CCAs filed responses or protests to PG&E's application, with MCE and EBCE filing protests and City of San Jose, City and County of San Francisco, and Pioneer Community Energy filing responses. CCA responses/protests sought more information on the implications of regionalization on CCA customers, CCA operations, and CCA-PG&E coordination; PG&E's overarching purpose, goals, and metrics to judge success of regionalization; the delineation between centralized and decentralized functions in PG&E's application; and budgets and cost recovery related to regionalization, among other issues. CCAs also identified various concerns specific to their CCAs (e.g., EBCE's and MCE's service areas would both be split across two PG&E regions; SJCE expressed concern with its service area being assigned to the Central Coast region; Pioneer expressed concern that it would be the only CCA in its region, which would be the only region not to be "anchored" by an urban area).

- **Details**: The October Scoping Memo and Ruling determined the scope of this proceeding will include examining (1) whether PG&E should be authorized to implement its Regionalization Proposal, as modified in this proceeding; (2) whether PG&E's proposed five regional boundaries are reasonable; (3) whether PG&E's proposals for regional leadership and a regional organizational structure are consistent with the Commission's direction; (4) whether PG&E's proposed implementation timeline for regionalization is reasonable; (5) whether PG&E's regionalization proposal is reasonable, including its impact on safety and its cost effectiveness; (6) the adequacy and completeness of PG&E's regionalization plan; (7) the process and timeline for regionalization, the cost of regionalization, the criteria to be used for identifying and delineating regions, and the division of responsibilities and decision-making between PG&E's central office and its regional offices; and (8) issues relating to potential cost recovery and the corresponding ratemaking treatment. The Scoping Memo and Ruling did not discuss how municipalization proposals would be impacted by PG&E's regionalization plan, which had been the subject of a Protest of PG&E's application filed by South San Joaquin Irrigation District.

- **Analysis**: As noted in the responses and protests of CCAs, the implications of PG&E's regionalization plan on CCA operations, customers, and costs is largely unclear based on the information presented in PG&E's application. PG&E's regionalization plan could impact PG&E's responsiveness and management of local government relations and local and regional issues, such as safety, that directly impact VCE customers beginning in 2021. It could also impact municipalization efforts, although this issue has not been explicitly addressed and remains unclear at this time. As part of Region 1, VCE would be grouped with several coastal and northern counties.
- **Next Steps**: An updated PG&E proposal is due February 26, 2020, a workshop will be held March 3, 2021, comments are due April 2, 2021, and reply comments are due April 9, 2021. PG&E must engage its Regional Vice Presidents and Regional Safety Directors by June 1, 2021.
- **Additional Information**: Ruling modifying procedural schedule (December 23, 2020); Scoping Memo and Ruling (October 2, 2020); Application (June 30, 2020); A.20-06-011.

Direct Access Rulemaking

No updates this month. On October 16, 2020, and October 26, 2020, respectively, parties filed comments and replies in response to the ALJ Ruling providing a Staff Report and recommendation to the Legislature regarding a potential additional expansion of direct access (DA) for nonresidential customers.

- **Background**: In Phase 1 of this proceeding, the CPUC allocated the additional 4,000 GWh of direct access load required by SB 237 (2018, Hertzberg) among the three IOU territories with implementation to begin January 1, 2021.

  For Phase 2, the CPUC will address the SB 237 mandate requiring the CPUC to, by June 1, 2020, provide recommendations to the Legislature on "implementing a further direct transactions reopening schedule, including, but not limited to, the phase-in period over which further direct transactions shall occur for all remaining nonresidential customer accounts in each electrical corporation's service territory." The Commission is required to make certain findings regarding the consistency of its recommendation with state climate, air pollution, reliability and cost-shifting policies.
- **Details**: The September 28, 2020 Ruling attached a Staff Report constituting the draft CPUC recommendations to the Legislature required by SB 237. The Staff Report recommends that the Legislature:
  - Not make a determination as to whether to further expand DA until at least 2024, after the conclusion of the 2021-24 RPS compliance period and the fulfillment of procurement ordered by D.19-11-016.
  - Condition any further DA expansion on the performance of Energy Service Providers (ESPs) with respect to IRP, RPS and RA requirements through 2024.
  - Make any further DA expansion in increments of 10% of nonresidential load per year, conditioned on ESP ongoing compliance with IRP, RPS and RA requirements.

- "[C]onsider the CPUC's authority in allowing CCAs to recover the costs of investments that are stranded because of unforeseen load departure to address these potential impacts."
- "Amend P.U. Code Section 949.25 to provide the CPUC with the authority to revoke ESP licenses and CCA registration for repeated non-compliance with [RA], RPS or IRP requirements."

CalCCA's comments argued that the CPUC should add a condition for reopening DA that will foster attainment of state goals and ensure competitive neutrality for all LSEs. CalCCA recommended establishing a Phase 3, Track 1 process for further development of DA reopening conditions, including competitively neutral switching rules, rules governing CCA stranded cost recovery, clear compliance metrics, and ESP transparency measures. Furthermore, CalCCA recommended establishing a Phase 3, Track 2 to be implemented following the issuance of 2021-2024 Renewable Portfolio Standard (RPS) compliance reports to assess readiness for DA reopening.

ESPs argued against delaying a Legislative determination on further DA reopening, for a faster pace of DA reopening, and that access to additional load should depend on the compliance of each ESP, rather than compliance of all ESPs. Both DA advocates and IOUs opposed stranded asset recovery by CCAs.

- **Analysis**: This proceeding will impact the CPUC's recommendations to the Legislature regarding the potential future expansion of DA in California, including a potential lifting of the existing cap on nonresidential DA transactions altogether. Further expansion of DA in California could result in non-residential customer departures from VCE and make it more difficult for VCE to forecast load and conduct resource planning. CalCCA has argued that further expansion of nonresidential DA is likely to adversely impact attainment of the state's environmental and reliability goals and will result in cost-shifting to both bundled and CCA customers. The Staff report recognizes this concern and recommends that if DA is further expanded, the Legislature consider permitting CCAs to recover stranded costs from departing DA customers. The Staff report also recommends the Legislature amend the statute to allow the CPUC to revoke both ESP licenses and CCA registration for repeated non-compliance of RA, RPS, or IRP requirements.
- **Next Steps**: A proposed decision attaching the final staff report is anticipated to be issued next.
- **Additional Information**: Ruling and Staff Report (September 28, 2020); Amended Scoping Memo and Ruling adding issues and a schedule for Phase 2 (December 19, 2019); Docket No. R.19-03-009; *see also* SB 237.

RA Rulemaking (2019-2020)

No updates this month. Two applications for rehearing remain the only outstanding items to be addressed in this proceeding, which is now closed.

- **Background**: This proceeding had three tracks, which have now concluded. Track 1 addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program. D.19-10-020 purported to affirm existing RA rules regarding imports, but adopted a distinction in the import RA compliance requirements for resource-specific and non-resource specific contracts and required, for the first time, that non-resource-specific resources self-schedule (i.e., bid as a price taker) in the CAISO energy market.

  In Track 2, the CPUC previously adopted multi-year Local RA requirements and initially declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019).

  The second Track 2 Decision, D.20-06-002, adopted implementation details for the central procurement of multi-year local RA procurement to begin for the 2023 compliance year in the PG&E and SCE (but not SDG&E) distribution service areas, including identifying PG&E and SCE as the central procurement entities for their respective distribution service areas and adopting a hybrid central procurement framework. The Decision rejected a settlement agreement between CalCCA and seven other parties that would have created a residual central buyer structure (and did not specify the identity of the central buyer) and a multi-year requirements for system and flexible RA. Under D.20-06-002, if an LSE procures its own local resource, it may (1) sell the capacity to the CPE, (2) utilize the resource for its own system and flexible RA needs (but not for local RA), or (3) voluntarily show the resource to meet its own system and flexible RA needs, and reduce the amount of local RA the CPE will need to procure for the amount of time the LSE has agreed to show the resource. Under option (3), by showing the resource to the CPE, the LSE does not receive one-for-one credit for shown local resources. A competitive solicitation (RFO) process will be used by the CPEs to procure RA products. Costs incurred by the CPE will be allocated ex post based on load share, using the CAM mechanism. D.20-06-002 also established a Working Group (co-led by CalCCA) to address: (a) the development of an local capacity requirements reduction crediting mechanism, (b) existing local capacity resource contracts (including gas), and (c) incorporating qualitative and possible quantitative criteria into the RFO evaluation process to ensure that gas resources are not selected based only on modest cost differences.

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

On October 30, 2019, CalCCA filed a PFM of D.19-06-026, seeking the creation of an RA waiver process in 2020 for system and flexible RA obligations.

Details: The only two remaining items to be addressed in this proceeding are two applications for rehearing filed by Western Power Trading Forum (WPTF). First, on July 17, 2020, WPTF filed an Application for Rehearing of D.20-06-002, the Track 2 Decision creating a multi-year central procurement regime for local RA capacity. It requested rehearing and reconsideration of the rejected settlement agreement between WPTF, CalCCA, and other parties, arguing that D.20-06-002 will discourage the procurement of local resources by individual LSEs, discriminates against natural gas resources while increasing the need for CAISO backstop procurement, may undermine reliability by making it more difficult to integrate renewables with the larger western grid, and creates a "sale for resale" procurement construct that could place it under FERC's jurisdiction as a wholesale, rather than a retail, transaction.

Second, on August 5, 2020, WPTF filed an Application for Rehearing of D.20-06-028 with respect to the self-scheduling requirements for non-resource specific RA imports.

- **Analysis**: D.20-06-002 established a central procurement entity and mostly resolved the central buyer issues, although several details are being refined through a Working Group. Moving to a central procurement entity beginning for the 2023 RA compliance year will impact VCE's local RA procurement and compliance, including affecting VCE's three-year local RA requirements as part of the transition to the central procurement framework. Eventually, it will eliminate the need for monthly local RA showings and associated penalties and/or waiver requests from individual LSEs, but it also eliminates VCE's autonomy with regard to local RA procurement and places it in the hands of PG&E.

  The Track 1 Decision on RA imports most directly impacted LSEs relying on RA imports to meet their RA obligations by increasing the difficulty of procuring such RA in the future.

- **Next Steps**: The only issues remaining to be addressed in this proceeding are WPTF's Applications for Rehearing. Remaining RA issues will be addressed in the successor RA rulemaking, R.19-11-009.

- **Additional Information**: D.20-09-003 denying PFMs filed by PG&E, CalCCA, and Joint Parties (September 16, 2020); WPTF's Application for Rehearing of D.20-06-028 (August 5, 2020); WPTF's Application for Rehearing of D.20-06-002 (July 17, 2020); D.20-06-028 on Track 1 RA Imports (approved June 25, 2020); D.20-06-002 establishing a central procurement mechanisms for local RA (June 17, 2020); D.20-03-016 granting limited rehearing of D.19-10-021 (March 12, 2020); D.20-01-004 on qualifying capacity value of hybrid resources (January 17, 2020); D.19-12-064 granting motion for stay of D.19-10-021 (December 23, 2019); D.19-10-021 affirming RA import rules (October 17, 2019); D.19-06-026 adopting local and flexible capacity requirements (July 5, 2019); Docket No. R.17-09-020.

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

No updates this month. On November 24, 2020, CPUC President sent a letter to PG&E indicating that she has directed CPUC staff to conduct fact-finding to determine whether to recommend that PG&E be placed into the enhanced oversight and enforcement process.

- **Background**: On December 21, 2018, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

  A July 2020 ALJ Ruling described the issues that are potentially still in scope for this proceeding, which include a broad array of issues identified in the December 21, 2018 Scoping Memo, as modified by D.20-05-053 approving PG&E's reorganization plan, plus the ongoing work of NorthStar, the consultant monitoring PG&E. However, the Ruling observed that "it is not clear as a practical matter how many of those issues can be or should be addressed at this time," given PG&E is now implementing its reorganization plan and has filed its application for regional restructuring. Party comments did not explicitly raise the issue of CCA proposals to purchase PG&E electric distribution assets.

  The September 4 Ruling filed in the PG&E Safety Culture proceeding (I.15-08-019) and PG&E Bankruptcy proceeding (I.19-09-016) determined that I.15-08-019 will remain open as a vehicle to monitor the progress of PG&E in improving its safety culture, and to address any relevant issues that arise, with the consultant NorthStar continuing in its monitoring role of PG&E. The Ruling declined to close the proceeding but also declined to move forward with CCAs' consideration of whether PG&E's holding company structure should be revoked and whether PG&E should be a "wires-only company," as well as developing a plan for service if PG&E's CPCN is revoked in the future.

- **Details**: In her November 2020 letter to PG&E, President Batjer pointed to a "pattern of vegetation and asset management deficiencies that implicate PG&E's ability to provide safe, reliable service to customers," and stated the "Wildfire Safety Division Staff has identified a volume and rate of defects in PG&E's vegetation management that is notably higher than those observed for the other utilities."

- **Analysis**: CPUC President Batjer's letter indicates the CPUC is currently investigating whether to move PG&E into its newly created enhanced oversight and enforcement process. This six-step process could ultimately result in a revocation of PG&E's certificate of public convenience and necessity if it fails to take sufficient corrective actions.

- **Next Steps**: The proceeding remains open, but there is no procedural schedule at this time.

- **Additional Information**: Letter from President Batjer to PG&E (November 24, 2020); Ruling updating case status (September 4, 2020); Ruling on case status (July 15, 2020); Ruling on proposals to improve PG&E safety culture (June 18, 2019); D.19-06-008 directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); Scoping Memo (December 21, 2018); Docket No. I.15-08-019.

PG&E's 2019 ERRA Compliance

No updates this month. On November 16, 2020, Joint CCAs and PG&E filed reply briefs on remaining issues not addressed in the pending Settlement Agreement.

- **Background**: ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the PABA balancing account (which determines the true up values for the PCIA each year). In its 2019 ERRA compliance application, PG&E requested that the CPUC find that its PABA entries for 2019 were accurate, it complied with its Bundled Procurement Plan in 2019 in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, RA sales, and least-cost dispatch of electric generation resources. PG&E also requests that the CPUC find that during the record period PG&E managed its utility-owned generation facilities reasonably. Finally, PG&E requests cost recovery of revenue requirements totaling about $4.0 million for Diablo Canyon seismic study costs.

  PG&E's supplemental testimony (1) described PG&E's PSPS Program and when it was used in 2019; (2) provided an accounting of the 2019 PSPS events, including a description of how balancing accounts forecast in PG&E's annual ERRA Forecast proceeding and reviewed in the 2019 ERRA Compliance Review proceeding may have been impacted and; (3) described the difference between load forecasting for ratemaking purposes and load forecasting for PSPS events.

  The Joint CCAs' testimony identified $175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest. The Joint CCAs argue this amount should be credited back to customers. PG&E's rebuttal testimony stated it will make all but $33.6 million of those adjustments as part of its August 2020 accounting close.

  On October 22, 2020, PG&E, Joint CCAs, and Cal Advocates filed a Joint Motion to Adopt Settlement Agreement. The Settlement Agreement resolves all but two of the disputed issues in Phase I of the proceeding. PG&E agreed with certain accounting errors identified by the Joint CCAs. PG&E also committed to provide additional, specific information requested by the Joint CCAs simultaneous with its ERRA Compliance applications and simplify the presentation of that information, resolving the Joint CCAs concern with transparency of the PG&E data supporting entries to the ERRA, PABA and related balancing accounts. PG&E and the Joint CCAs agreed to engage in discussions about the approach to Resource Adequacy solicitations governed by Appendix S of PG&E's 2014 Bundled Procurement Plan. Finally, PG&E agreed to rebill all commercial and industrial CCA customers assigned an incorrect vintage.

- **Details**: The two remaining issues not covered by the Settlement Agreement are (1) the request in PG&E's rebuttal testimony to reverse the $92.9 million adjustment it made in response to D.20-02-047 to its PABA regarding the amount of RPS energy the utility retained to serve its bundled customers in 2019; and (2) the utility's decision not to re-vintage four RPS contracts renegotiated during 2019.

- **Analysis**: This proceeding addresses PG&E's balancing accounts, including the PABA, providing a venue for a detailed review of the billed revenues and net CAISO revenues PG&E recorded during 2019. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Efforts from the Joint CCAs to date will reduce the level of the PCIA for VCE's customers in 2021 and/or 2022.

- **Next Steps**: A proposed decision is anticipated to be issued soon. The schedule for Phase II of this proceeding has not been issued yet.

- **Additional Information**: Joint Motion to Adopt Settlement Agreement (October 22, 2020); Ruling modifying extending deadline for briefs and reply briefs (October 12, 2020); Amended Scoping

Memo and Ruling (August 14, 2020); Scoping Memo and Ruling (June 19, 2020); PG&E's Application and Testimony (February 28, 2020); Docket No. A.20-02-009.

Wildfire Cost Recovery Methodology Rulemaking

No updates this month. An August 7, 2019, PG&E Application for Rehearing remains pending regarding the CPUC's recent Decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (D.19-06-027).

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

  D.19-06-027 found that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility's financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019 Staff Proposal, with some modifications. The framework requires a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.

  PG&E's application for rehearing challenges the CPUC's prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E's rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all IOUs. Several parties filed responses to PG&E's application for rehearing disagreeing with PG&E.
- **Details**: N/A.
- **Analysis**: This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps**: The only matter remaining to be resolved in this proceeding is PG&E's application for rehearing. This proceeding is otherwise closed.
- **Additional Information**: PG&E Application for Rehearing (August 7, 2019); D.19-06-027 (July 8, 2019); Assigned Commissioner's Ruling releasing Staff Proposal (April 5, 2019); Scoping Memo and Ruling (March 29, 2019); Order Instituting Rulemaking (January 18, 2019); Docket No. R.19-01-006. *See also* SB 901, enacted September 21, 2018.

Glossary of Acronyms

AB Assembly Bill

AET Annual Electric True-up

ALJ Administrative Law Judge

BioMAT Bioenergy Market Adjusting Tariff

BTM Behind the Meter

CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board
CEC	California Energy Commission
CPE	Central Procurement Entity
CPUC	California Public Utilities Commission
CPCN	Certificate of Public Convenience and Necessity
CTC	Competition Transition Charge
DA	Direct Access
DWR	California Department of Water Resources
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
EUS	Essential Usage Study
GRC	General Rate Case
IEPR	Integrated Energy Policy Report
IFOM	In Front of the Meter
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
ITC	Investment Tax Credit
LSE	Load-Serving Entity
MCC	Maximum Cumulative Capacity
OII	Order Instituting Investigation
OIR	Order Instituting Rulemaking
PABA	Portfolio Allocation Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PFM	Petition for Modification
PCIA	Power Charge Indifference Adjustment
PSPS	Public Safety Power Shutoff
PUBA	PCIA Undercollection Balancing Account
PURPA	Public Utility Regulatory Policies Act of 1978 (federal)
QC	Qualifying Capacity
QF	Qualifying Facility under PURPA
RA	Resource Adequacy
RDW	Rate Design Window
ReMAT	Renewable Market Adjusting Tariff
RPS	Renewables Portfolio Standard

SCE	Southern California Edison
SED	Safety and Enforcement Division (CPUC)
SDG&E	San Diego Gas & Electric
TCJA	Tax Cuts and Jobs Act of 2017
TOU	Time of Use
TURN	The Utility Reform Network
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan
WSD	Wildfire Safety Division (CPUC)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care & Marketing

SUBJECT: Customer Enrollment Update (Information)

DATE: February 11, 2021

RECOMMENDATION

Receive and review the attached Customer Enrollment update as of February 3, 2021.

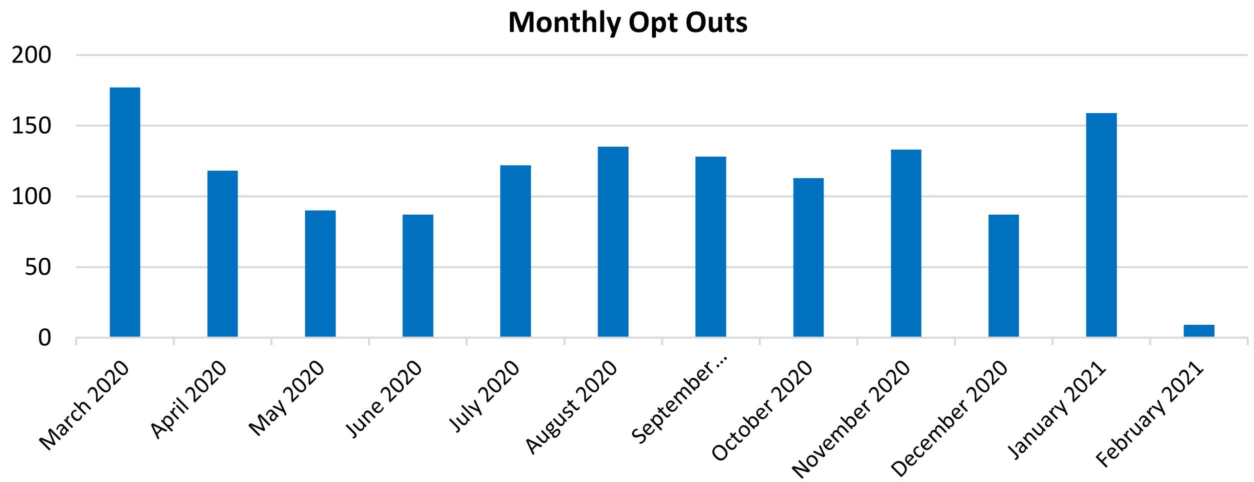
Item 9 - Enrollment Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,795	20,775	2,178	10,778	61,526	53,438	6,114	6	1,879	9,783	51,743
Eligible customers	29,088	23,657	2,351	12,284	67,380	58,478	6,660	6	2,132	10,562	56,818
Participation Rate	96%	88%	93%	88%	91%	91%	92%	100%	88%	93%	91%

There are currently 432 Winters customers not included in this table. NEM will enroll throughout 2021.

% of Load Opted Out

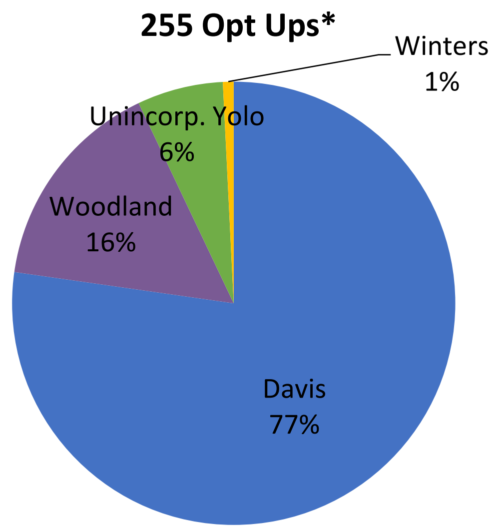
Residential	Commercial	Industrial	Ag	Total
9%	8%	0%	12%	9%

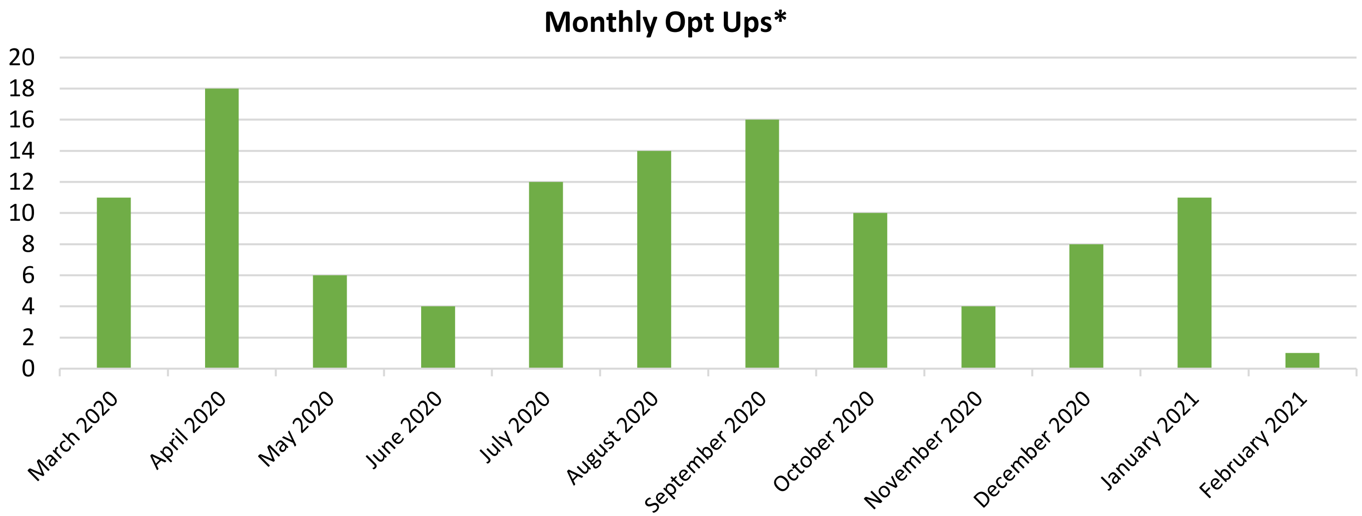


Status Date: 2/3/21

VALLEY CLEAN ENERGY

Item 9 - Enrollment Update

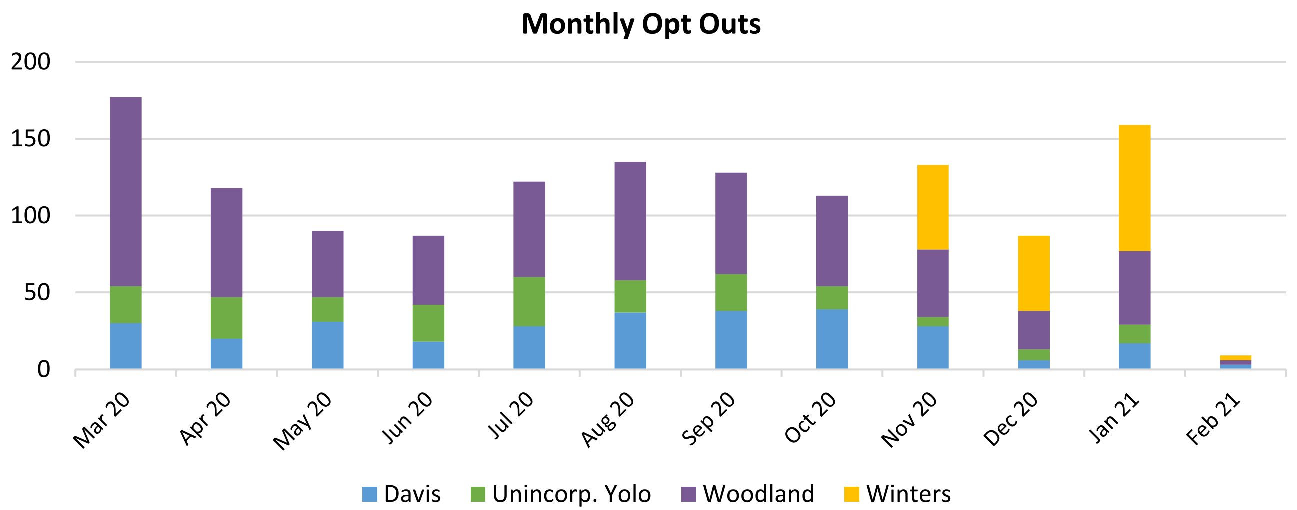


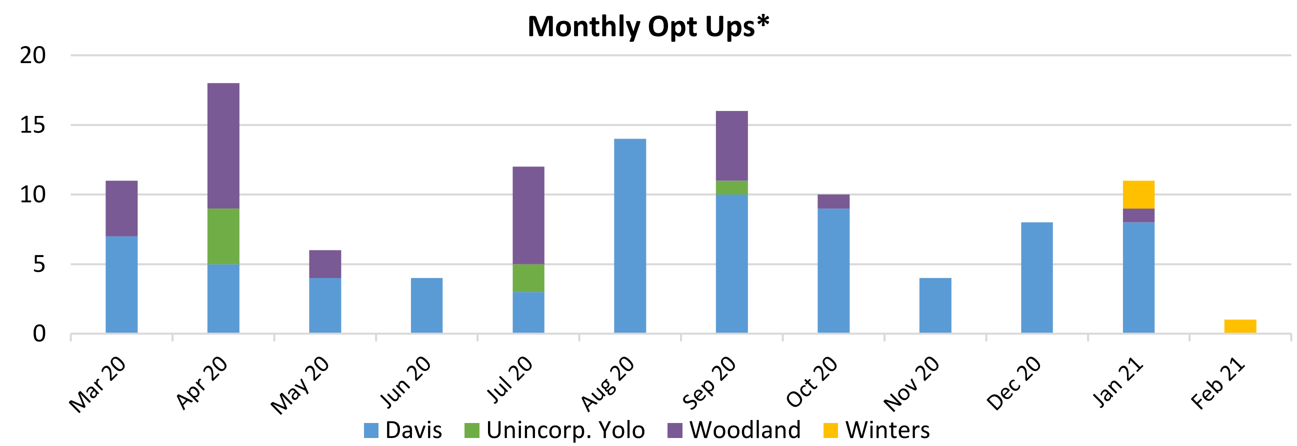


* These numbers represent opt ups for customers who are currently enrolled.

Status Date: 2/3/21

Item 9 - Enrollment Update



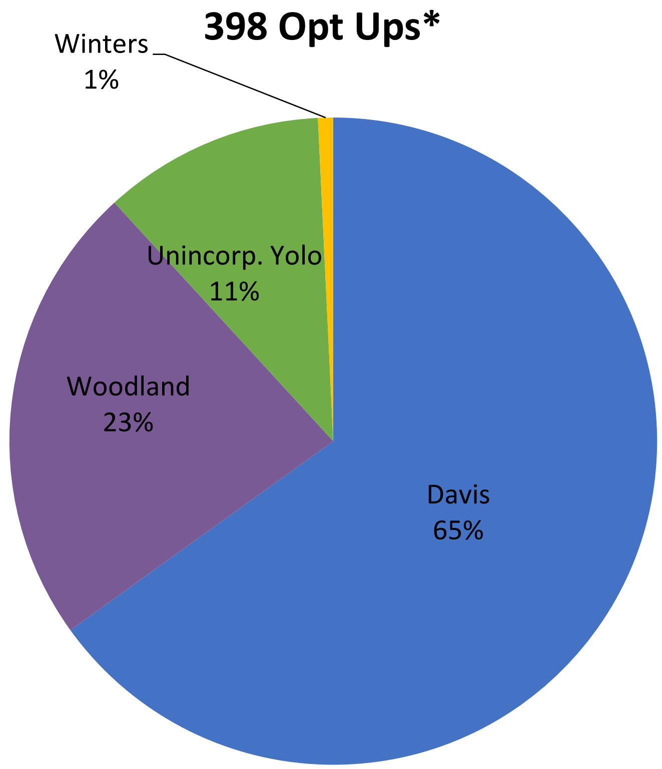


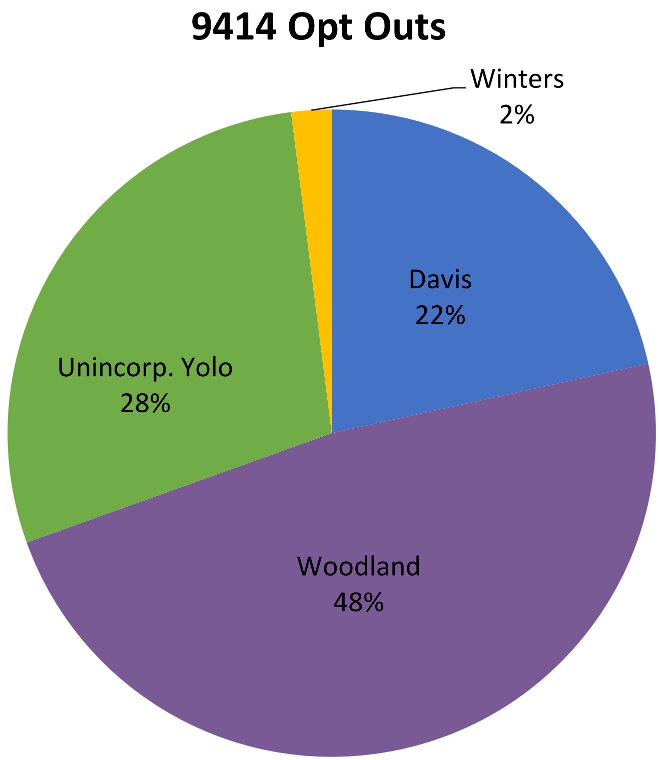
* These numbers represent all opt up or opt out actions ever taken regardless of current customer enrollment status.

Status Date: 2/3/21

VALLEY CLEAN ENERGY

Item 9 - Enrollment Update





* These numbers represent all opt up or opt out actions ever taken regardless of current customer enrollment status.

Status Date: 2/3/21

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee January 28, 2021 Meeting Summary
DATE:	February 11, 2021

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, January 28, 2020 at 5 p.m.

A. **Received update on VCE's adopted 3-year Strategic Plan:** The CAC received an update on the Strategic Plan timeline, progress to date, next steps, and introduction to Monday.com (Staff's management tool).

B. **Discussed formation of CAC Task Groups for 2021:** The CAC reviewed 2020 task groups and resolved the need to create new Legislative/Regulatory, Outreach, Programs, and Rates task groups for the issues arising this year. In addition, a new task group focusing on decarbonization and carbon neutrality was created. Members selected task groups to serve on and each task group was asked to select a chair and draft a 2021 "charge" summarizing goals/objectives, to be reviewed by the CAC at their February 2021 meeting. (10-0-0)

C. **Received and reviewed 2021 Strategic Marketing Plan:** The CAC reviewed the draft 2021 Strategic Marketing Plan that was prepared by VCE Staff and the 2020 Outreach Task Group. The draft Plan was discussed and input was provided by the CAC Members. Staff will incorporate suggested revisions to the Plan. The CAC voted to recommend that the Board consider approving the 2021 Strategic Marketing Plan. (9-0-0)

D. **Received update Quarterly Power Procurement/Renewable Portfolio Standard:** VCE Staff Gordon Samuel provided an update on power procurement/renewable portfolio standard by providing targets and forecast information on the 2020 power content. Also discussed was a plan to follow the progress on VCE PPA solar/storage projects throughout 2021.

E. **Discussed new building electrification:** VCE Staff Gordon Samuel summarized the Staff Report prepared along with Dave Springer and Christine Shewmaker. The purpose was to provide background on new building electrification, solicit feedback and discuss potential options to take to the Board regarding the electrification of new homes and businesses in order to lower greenhouse gas (GHG) emissions. This item was discussed in depth. This item will be returned for further discussion at the CAC's February meeting.

F. **California Community Power Agency Joint Powers Authority:** VCE Staff Gordon Samuel summarized information on the purpose of the California Community Power Agency Joint Powers Agreement (CC Power JPA). This item was discussed. The CAC voted to recommend that the Board consider joining as a member of the CC Power JPA. (9-0-0)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 11

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Update on adjustments to VCE customer rates for 2021 to match PG&E's generation rates (Informational)

DATE: February 11, 2021

The purpose of this report is to confirm that VCE's rates have been adjusted to match PG&E's new generation rates for 2021.

BACKGROUND
As approved by the California Public Utilities Commission (CPUC), PG&E's new rates took effect in January 2021. As per VCE's existing rates policy, VCE's rates have been adjusted to match PG&E's generation rates for 2021. This adjustment includes a very limited category of commercial rates that require a small discount in wintertime "super off-peak" periods to achieve the objective to match PG&E rates. A SMUD analysis determined that (assuming similar usage in 2021), the total amount of annual credits for all affected customers in this category would be less than $2,000, and that in aggregate they provide over $5M in annual revenue to VCE.

Consistent with VCE's rate policy and the factors outlined above, the Interim General Manager approved VCE's 2021 rates in January.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Update to Employer Share of Medical Premiums; and update to Valley Clean Energy Employee Handbook

DATE: February 11, 2021

Recommendation

1. Adopt a resolution approving the updated employer share of medical premiums and update made to the Valley Clean Energy (VCE) Employee Handbook (Handbook).

Background & Discussion

VCE provides a benefits package including medical coverage for its employees to remain competitive with benefits offered by other CCA's. VCE currently contributes up to $1,650 per month per employee towards medical, dental and vision insurance for a full-time employee and dependents coverage. VCE also contributes a prorated medical benefit amount for part-time employees based on the average hours worked per week. The employee is responsible for any premiums due for coverage(s) that are in excess of the VCE contribution amount.

Based on increased costs for medicare for 2021 and comparisons with other CCA's and SMUD medical benefit adjustments for 2021, Staff recommends that the $1,650 per month be increased to $1,750 per month resulting in a 6% increase. This is the approximate amount to cover an employee plus two dependents on a standard Kaiser Gold plan for 2021 in the Sacramento region, including dental and vision. Based on the number of employees taking medical coverage through VCE, total 2021 increase cost to VCE related to the recommended benefits adjustment is $2,400.

Staff requests that the Board approve this change, along with the following redline changes to the employee handbook benefits section to implement the medical benefits increase:

> **Medical, Dental and Vision Insurance**: We provide access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to VCE's insurance policies. Typically proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCE's medical, dental, and vision insurance coverage. Each employee becomes eligible on the first of the month after the employee has started employment with VCE. VCE will contribute up to **~~$1,650~~ $1,750** per month per employee towards VCE's medical, dental and vision insurance for a full-time employee and dependents coverage. VCE will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCE's contribution toward the cost of VCE's medical, dental and vision insurance coverage for the part time employee and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e**.,** **~~$1,237.50~~ $1,312.50**). The employee is responsible for any premiums due for VCE coverage(s) that are in excess of the VCE contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCE must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCE for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCE medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCE's open enrollment period. Full time employees who decline to accept VCE medical, dental, and vision insurance benefits shall receive a payment of $500 per month in lieu of coverage; part -time employees who are eligible for VCE medical, dental and vision insurance and decline to accept VCE medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or $375.)

Attachment

1. Resolution

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING UPDATES TO THE EMPLOYEE HANDBOOK

WHEREAS, on January 18, 2018, the Valley Clean Energy Employee Handbook was adopted;

WHEREAS, on January 23, 2019, the Board approved updates to the employment regulations and edits to payroll operational procedures to the Employee Handbook;

WHEREAS, on July 11, 2019, the Board approved updates to the Employee Handbook incorporating new laws and personnel requirements;

WHEREAS, on February 13, 2020 the Board approved updates to the Employee Handbook to reflect benefits eligibility date; and,

WHEREAS, in order to remain competitive in the recruiting and retention of energy industry employees, a higher contribution amount per month per employee towards VCE's medical, dental and vision insurance for a full-time employee and dependents coverage needs to be incorporated within the Employee Handbook.

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

1. Adopt changes to the Employee Handbook (February 2020), Insurance Benefits (page 34), Medical, Dental and Vision Insurance (2 paragraph) as follows:

   Medical, Dental and Vision Insurance: Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCEA's medical, dental, and vision insurance coverage. Each employee becomes eligible on the first of the month after the employee has started employment with VCEA. VCEA will contribute up to **~~$1,650~~ $1,750** per month per employee towards VCEA's medical, dental and vision insurance for a full-time employee and dependents coverage. VCEA will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCEA's contribution toward the cost of VCEA's medical, dental and vision insurance coverage for the part time employee and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., **~~$1,237.50~~ $1,312.50**). The employee is responsible for any premiums due for VCEA coverage(s) that are in excess of the VCEA contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCEA must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCEA for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCEA medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCEA's open enrollment period. Full time employees who decline to accept VCEA medical, dental, and vision insurance benefits shall receive a payment of $500 per month in lieu of coverage; part -time employees who are eligible for VCEA medial, dental and vision insurance and decline to accept VCEA medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or $375.)

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Dan Carson, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 13

TO:	Board of Directors
FROM:	Rebecca Boyles, Director of Customer Care and Marketing
SUBJECT:	Adopt Valley Clean Energy 2021 Outreach and Marketing Plan
DATE:	February 11, 2021

RECOMMENDATION
Adopt the 2021 Outreach and Marketing Plan.

BACKGROUND AND ANALYSIS
In 2020, the Valley Clean Energy Board of Directors adopted a Strategic Plan to better guide VCE's organizational mission, vision and strategies. The Plan was adopted after significant feedback from the Board of Directors, Community Advisory Committee (CAC), consultants and VCE staff. The Strategic Plan lays out goals and objectives meant to guide the organization in planning and decision-making for the next 3 years.

Draft 2021 Outreach and Marketing Plan
The attached draft 2021 Marketing Plan directs marketing and outreach strategy for the coming year and is designed to help implement VCE's Strategic Plan. The key goals in the Marketing Plan for 2021 include:

1. Increase customer satisfaction and retention
2. Establish VCE as a trusted community resource
3. Support VCE's Programs Plan and Decarbonization Roadmap

Goal 1 begins with research, such as focus groups and surveys, to better understand the wants and needs of our customers and member communities. Improving customer data analytics is an important part of Goal 1, and staff has already begun this process. The Board has expressed a keen interest in ensuring we retain customers as much as possible, as well as a desire to better serve customers in disadvantaged and underserved communities. Several tactics in Goal 1 help to serve these purposes, including analyzing opt-out reasons by customer segment, or conducting outreach for the Arrearage Management Plan. VCE will focus on customer satisfaction and retention in 2021 and set a goal for increasing the VCE participation rate in 2022-2023.

Goal 2's main objective is to establish VCE as a trusted community resource by increasing brand recognition and building trust with our customers and community partners. To further establish VCE as an expert, we will increase our thought leadership and expertise in the field, build deeper partnerships in the community, and continually improve the quality of our collateral, website and social media. In order to demonstrate our commitment to Environmental Justice, we will analyze our service levels to customers speaking languages other than English, and ensure our collateral is translated accordingly. We would ultimately like the community to view VCE as a trusted resource in energy matters, from energy efficiency to time-of-use rates.

Goal 3 is to support VCE's Programs Plan and Decarbonization Roadmap, and to further engage the public and private sector (through marketing and outreach) in lowering their emissions. Key components of Goal 3 include campaigns to increase subscription in 100% renewable UltraGreen, as well as helping to support the marketing and outreach efforts associated with the Decarbonization Roadmap once it is approved by the Board.

The direction in the 2021 Marketing Plan will help to guide the marketing team's campaigns for the calendar year 2021 and will be updated annually. To accompany the Plan, tasks will be detailed in a project management platform along with timelines so that the VCE team can more easily connect the strategic vision to their day-to-day tasks, as well as report on progress.

The draft 2021 Marketing Plan has been reviewed by the CAC, the CAC's Outreach Task Group (OTG), and VCE staff and consultants. Several actions detailed in the Plan are already underway and will continue if the draft Plan is adopted by the Board, such as gathering data to compile customer and marketing dashboards, as well as making improvements to VCE's website.

<u>CAC Input</u>

The CAC and the OTG provided feedback at various points in the Plan's development. Staff believes that the feedback process improved and helped refine the draft Plan. Examples of key adjustments include:

- Add a focus on customer and member community needs, wants and concerns to the current approach that centers on the value that VCE offers to its customers and communities.
- More use of data to better inform outreach and marketing efforts (e.g. conduct trends analysis on opt-outs, programs and other customer concerns).
- Refine metrics to make them more meaningful to VCE and its customers (e.g. shifted metric related to "increase customer satisfaction and retention" goal to "translate all marketing collateral within a certain timeframe").

In addition to the examples of key refinements noted above, the CAC and OTC made many suggestions on specific tactics that have been incorporated into the Plan. Examples include:

- Development of point-of-sale collateral so that companies can distribute VCE material to show their support and be recognized as a "green business."

- Include the VCE newsletter as a key resource in garnering trust as an industry expert.
- Definition of some terms (such as social media impressions).

The CAC voted unanimously at its January meeting to recommend adoption of the draft Plan.

CONCLUSION

If approved, the draft Plan would direct VCE’s marketing and outreach strategy for the coming year and help to implement VCE’s Strategic Plan.

ATTACHMENT

1. Draft 2021 Outreach and Marketing Plan

Marketing Plan
January-December 2021

Table of Contents

Executive Summary

In 2020, Valley Clean Energy (VCE) crafted a Strategic Plan to better guide our organizational mission, vision and strategies. The Plan was adopted by the Board of Directors after feedback from the board, consultants, the Community Advisory Committee (CAC), and VCE staff. The Strategic Plan lays out goals and objectives meant to guide VCE staff, the Board, and the CAC in planning and decision-making for the next 3 years.

The 2021 Marketing Plan is meant to complement VCE's Strategic Plan and to give further direction with regards to marketing and outreach strategy, in turn helping to guide staff's daily tactics and workflows. The Plan will be updated annually. To accompany the Marketing Plan, tasks will be detailed in the project management platform Monday.com, complete with Gantt Charts to provide timelines so that the team can connect the strategic vision with their day-to-day tasks. This Marketing Plan is meant as a guide for 2021, but sets the stage for subsequent years, and in some cases mentions 2022 and 2023 marketing goals.

The Marketing team will focus on 3 main goals in 2021:

1. Increase customer satisfaction and retention
2. Establish VCE as a trusted community resource
3. Support VCE's Programs Plan and Decarbonization Roadmap

These goals will guide the team's projects, campaigns, and social media; however, due to the time sensitive nature of some aspects of marketing and communications, not all marketing activities will be captured in this Plan. Some activities detailed in the Plan are already in progress, and the Plan was reviewed by the Outreach Task Group and the Community Advisory Committee before being submitted to the Board of Directors for adoption.

Progress in 2020

The marketing team, with support from VCE staff, contractors, the Community Advisory Committee, the Outreach Task Group, and the Board of Directors advanced several key initiatives in 2020. The monthly enrollment of PG&E Net Energy Metering (NEM) customers began, as well as the recruiting, hiring, and training of a new Director of Customer Care and Marketing. June saw VCE's second anniversary of providing service, which was commemorated with Second Anniversary print advertisements and accompanying social media. VCE staff, the Customer Care team, the Community Advisory Committee and the Board of Directors, and contractors all transitioned to a remote work environment because of the coronavirus pandemic and adapted to the change with virtually no negative impacts to business.

Supporting the Winters enrollment with compliance mailers, presentations, advertisements, and outreach dominated the second half of 2020. During these large initiatives, the marketing team contributed to the Strategic Planning process and executed website improvements, including translating more VCE material into Spanish to be accessible to our customers. Other large projects throughout the year included an interactive energy efficiency graphic and a City of Winters page as a resource for customers enrolling in 2021. The team worked hard to realize innovations that saved paper and money, such as sending the Joint Rate Mailer and Power Content Label to customers via email for the first time. The team introduced new marketing analytics at the end of 2020 and will continue to build on our data infrastructure to better guide marketing and outreach decision-making. VCE's Twitter following grew by over 100% in 2020 (over 500 followers), with over 51 million impressions made[1]. The team kept the local papers busy, with 14 press releases and 3 op-eds from Board of Directors and Community Advisory Committee members.

2020 was a landmark year for many reasons, and in response to social issues such as systemic racism and environmental injustice taking center stage in our country, the VCE board established a Working Group on Environmental Justice. The marketing team supported the working group by drafting a Statement on Environmental Justice, revising it after seeking stakeholder feedback, and securing its adoption by the Board of Directors. Statement adoption was not a singular task, as VCE staff, the Community Advisory Committee and the Board of Directors all feel strongly about furthering the cause of environmental justice by not just issuing a statement, but also changing what is within our purview to do so. 2021 will see plans to implement the action items in the statement, as well as to augment our marketing and outreach efforts to customers in emerging and historically marginalized communities.

Looking forward to 2021, 2022 and 2023 will realize escalating challenges for the marketing team, such as regulatory and legislative uncertainty, the transition of both residential and non-residential accounts to default time-of-use rates, and a (projected) short-term reduction in the percentage of renewables in VCE's portfolio. VCE will have to remain nimble and pivot some of our past messaging of low-cost clean energy to promoting our enhanced community benefits through programs, engagement, and local control. However, we do not face these challenges alone, and we will work closely with our sister agencies across California to reach our customers with the message about the cumulative Community Choice Aggregation (CCA) impact on greenhouse gas (gHg) emissions reductions, new local renewable projects, and the advancement of technologies such as battery storage and demand response programs.

[1] Twitter "impressions" include all the times the Tweet has been seen. This includes appearing in a followers' timeline as well as the times it appeared in search, or as a result of someone liking the tweet.

Goals

Goal 1: Increase Customer Satisfaction and Retention

While VCE's customers are automatically enrolled in our electric generation services, one of the core tenets of Community Choice Aggregation programs is to provide product choice to customers. Therefore, one of the main goals in VCE's marketing strategy is to provide information about the choice customers have in their electricity service. The first two years of operation, VCE's marketing and outreach efforts were focused on brand awareness. In the next two years, VCE will conduct research (such as focus groups and surveys) to better understand the wants and needs of our customers and member communities, and to tailor our marketing and outreach strategy to the benefits deemed most important to our customers. We want to convey to our customers and community that we listen and respond to their needs.

The board has expressed a keen interest in ensuring we retain customers as much as possible, and currently we are experiencing some challenges in the legislative and regulatory landscapes that threaten the value proposition of "cleaner electricity at competitive rates." Therefore, VCE must adapt to the changing landscape by pivoting some of our messaging to better emphasize the many benefits we provide to our customers, including choice, accessibility, and customer programs. Delineating these benefits more clearly could lead to more engaged customers that choose to participate in VCE rather than opt out. VCE will focus on customer satisfaction and retention in 2021 and set a goal for increasing the VCE participation rate in 2022-2023.

Core Messaging - messages customers receive as a result of Goal 1 tactics and campaigns:

- I **understand** VCE's services
- Being a VCE customer has **more benefits** but costs about the same
- By supporting VCE, I am **supporting my community**

Tactics

1. Better understand the needs/wants of customers and member communities
    a. Improve customer analytics and data
        i. Report out monthly to Outreach Task Group (OTG) and Green Ideals
            1. Include: social media metrics, website metrics, customer data to inform trends analysis of opt-outs, CARE/FERA[2], Medical Baseline[3], etc.
        ii. Conduct and report on analysis of trends
            1. Include trends analyses in monthly report out starting in Q3 2021
        iii. Request inexpensive data: demographic/census data
        iv. Report annually to OTG, CAC and Board of Directors in a Year-end Marketing and Customer Care review

[2] California Alternate Rates for Energy Program (CARE) and Family Electric Rate Assistance Program (FERA) are statewide discount programs for eligible low-income customers
[3] The Medical Baseline Allowance is an assistance program for customers who depend on power for certain medical needs, and results in lower bills for eligible customers.

b. Customer personas: map 4-7 customers to better understand and segment our customer base by Q2 2022
    i. Segment by customer class, region as well as common marketing demographics
    ii. Review segmentation for completeness with OTG
c. Develop customer and marketing dashboards in 2021 to better inform 2022-2023 marketing campaigns
    i. Include data we currently access such as opt-out reasons, call dispositions (reasons for call)

2. Increase awareness of VCE brand
    a. Advertising
        i. Print, digital
        ii. Explore radio advertising in English and Spanish
    b. Word-of-mouth campaigns
    c. New swag (post-COVID)
    d. Co-marketing/branding with trusted community partners
        i. Bigger focus on brand evangelists
    e. Newsletter: continue to improve content and increase readership
    f. Increase VCE awareness in primarily Spanish-speaking communities
3. Maintain high customer participation rate
    a. Analysis of regional customer participation rates/opportunities for increased participation in 2021
    b. Decrease opt-outs due to misinformation
        i. Residential: introduce more information at time of opt-out (e.g. CARE discount remains the same)
        ii. More info at time of move-in
            1. Work with PG&E to improve language on move-in materials
        iii. Improve Frequently Asked Questions (FAQs)
        iv. Social media campaigns, including FAQ Fridays
        v. Analyze opt-out reason choices given on our online forms and Interactive Voice Response (IVR) phone system to determine whether they should be changed
    c. Non-res: relationship building to increase retention
        i. Customers: direct outreach
        ii. Chambers of Commerce; Farm Bureau
4. Emphasize VCE benefits: Local control, more renewables, competitive rates, programs that benefit our customers
    a. Add tangible benefits copy to website and collateral
        i. Quantify VCE's, and all California CCAs' gHg emissions reductions
        ii. Use graphics and analogies so customers better understand, e.g. "this solar project will power the equivalent of 25,000 homes," etc.
    b. Better understand customer wants/needs around programs
        i. Develop and administer 1 survey by June 2022; conduct a follow-up in 2023

        ii. Investigate feasibility of programs-specific focus groups and develop a plan by early 2022
5. Demonstrate our commitment to customers in disadvantaged communities (DACs)
    a. Update website annually with resources for customers having trouble paying bills
    b. Participate in the California Public Utilities Commission's (CPUC's) Arrearage Management Plan (AMP) and formulate marketing and outreach strategy by Q2 2021
    c. Initiate pilot call-out campaign to customers in arrears in 2021 to offer them assistance with resources such as CARE, FERA, Medical Baseline, and AMP
    d. Investigate the feasibility of participation in the CPUC's Disadvantaged Communities Green Tariff program (DAC/GT)
        i. Craft a marketing/outreach strategy to support program participation
    e. Develop targeted programs outreach for DACs
    f. Develop targeted educational outreach for DACs
    g. Enhance communications in Spanish

Metrics

1. Maintain participation rate of no less than 90%
2. Develop and regularly update effective internal dashboards for customer care and marketing
3. Number of improvements made to increase retention

Social Media Campaigns

1. Promote local control
    a. "Come to our board meetings," "Join the CAC" "You have a say in your electricity," etc.
2. Programs promotion: VCE programs as well as statewide programs like CARE
3. Social media posts in Spanish

Alignment with Strategic Plan

- Objective 3.1: Develop engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.
- Objective 3.3: Design and implement a strategy to more effectively engage local business and agricultural customers.
- Objective 3.6: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.

Goal 2: Establish VCE as a Trusted Community Resource

VCE was formed by the community, for the community. However, we face the challenge that many of our customers do not know they are our customers. We would like to increase VCE's brand recognition within the community, and to build trust with our customers and community partners. We would ultimately like the community to view VCE as a trusted resource in energy matters, from energy efficiency to time-of-use rates. When our customers think of electricity, we want them to think of VCE – when they have a question about electricity, we want them to come to us first. VCE's commitment to Environmental Justice (EJ) should also be a concept that the community associates with VCE, and with our branding.

To establish VCE as a trusted community expert, we will need to further display thought leadership and expertise in the field, build deeper partnerships in the community, and continually improve the quality of our collateral, website and social media. In 2021, VCE uses the Twitter and Facebook social media platforms, with slightly different approaches tailored to each platform. By early 2022, VCE will evaluate whether to start and maintain other social media platforms popular with demographics that may not be served as well by our current platforms.

Core Messaging customers receive as a result of Goal 2 tactics and campaigns:

- VCE is an **industry expert** that knows the wants/needs of our community
- VCE is **trustworthy**, local, accessible and credible
- VCE **listens and responds** to my needs, and to the needs of my community

Tactics

1. Revamp website
    a. Phase 1 (2020-2021, see Green Ideals Outreach Plan 2020)
        i. Add educational material
        ii. Ensure accessibility to all customers
            1. Evaluate Americans with Disabilities Act (ADA) compliance
            2. Enhance Spanish materials
    b. Phase 2 (2021-2022): Website overhaul
        i. Integrate feedback from the CAC, Board and public
        ii. Analyze structure, function, color, style and copy
        iii. Analysis of website traffic pre- and post-overhaul
2. Demonstrate partnerships with allies that are trusted by the community
    a. Donations to community-based organizations
        i. One-time
        ii. Ongoing
    b. Build relationships on social media
        i. Like, follow, re-tweet; curate feed quarterly
        ii. Identify and engage our most influential followers
            1. Increase number of influential followers in 2021-2022
        iii. Evaluate whether to apply for verified status on social media
3. Demonstrate thought leadership within the industry
    a. Guest newsletter posts (2/year in 2021)
    b. Board and CAC pieces in periodicals (2/year in 2021)
    c. Demonstrate leadership within CalCCA committees
        i. Participate in 3 multi-CCA initiatives by the end of 2022; publicize
    d. Host webinars on electricity-related issues (2 by the end of 2022)

   e. Publicize working with PG&E on initiatives, emphasizing our efforts to make such initiatives more customer-friendly
      i. Joint Rate Mailer (JRM)
      ii. Time-of-Use transition
   f. Publicize rates
      i. If alternative VCE rates are developed, craft a marketing and outreach strategy to inform customers
4. Events and presentations: (in person post-COVID; via Zoom during COVID) hold or participate in 2/year
   a. Target demographics:
      i. Ag customers. Organizations: Farm Bureau, farming non-profit organizations
      ii. Business customers: Chambers of Commerce, industry organizations
      iii. Engaged groups: Local climate-focused groups; solar groups; groups promoting building electrification
5. Improve collateral
   a. Net Energy Metering (NEM, 2020-2021)
      i. Understanding your NEM bill video (rolled out in late 2020); evaluate in late 2021
      ii. Website text updated bi-annually
      iii. Sample bill updated annually
      iv. NEM flier (update in Q1 2022)
   b. Consider non-traditional collateral (2021-2022)
      i. Yard signs
      ii. Posters for local business
         1. Promoting UltraGreen, VCE's 100% renewable electricity service
         2. Promoting Standard Green (community benefits such as local control, etc.)
      iii. Point-of-sale collateral: companies can distribute VCE material to show their support and be recognized as a "green business"
         1. Could be co-branded
   c. Customer Programs promotional material
      i. Website copy
      ii. Digital and print fliers
      iii. Improving ability of customers to sign up for programs, e.g. online forms
6. Demonstrate our commitment to Environmental Justice (EJ)
   a. Accessibility: Spanish materials and customer inquiries
      i. Website: organize more clearly as a community resource
      ii. Ensure all new collateral is translated into Spanish within 3 months of introducing
      iii. Analyze satisfaction levels for calls in languages other than English and Spanish through the Contact Center
      iv. Analyze opt-out rates when customers request a Spanish-speaking customer service representative or Spanish on the IVR phone system

    b. Partner with organizations with an EJ lens (3 partner events/co-written pieces by the end of 2022)
        i. Social media campaigns and cross-promotion
        ii. Events
        iii. Co-authoring
    c. Analyze opt-out and opt-up trends among Spanish-speaking customers by the end of 2021
    d. Increase social media posts in Spanish and set a percentage-based goal for 2022
7. Build closer relationships with Commercial & Industrial and Agricultural customers
    a. Conduct a baseline analysis of current relationships and sentiment among ag customers
    b. Develop targeted outreach materials
    c. Add demonstrated impact to collateral (2021-2022)
        i. Ag-focused programs
        ii. Advocacy for ag customers (at CPUC, etc.)
    d. Key Accounts outreach
        i. Relationship building
        ii. Avoiding opt-outs
        iii. Bill/rate analysis support
    e. Promote VCE as a resource in the time-of-use rates transition

Metrics

1. Increase social media following by 50%, or add 250 new followers, in 2021
2. Increase website hits and newsletter click-throughs by 25% in 2021
3. Support marketing and outreach activities to realize a CARE/FERA enrollment increase of 5% in our service territory by December 2022

Social Media Campaigns

1. Educational information
    a. Energy Efficiency
    b. Promote thought leadership pieces and speaking engagements
    c. FAQ Fridays: answer common customer questions and allay misconceptions about CCAs
2. Humanize VCE
    a. Goal: to present VCE as an organization of people who “understand me” and “people I can identify with”
    b. Voluntary staff, CAC and board photos and personal posts (e.g. staff baking for Thanksgiving, etc.)
    c. Humor – integrate more fully into voice
        i. Nuanced, fresh, but not too edgy
        ii. Target demographic: younger customers who aren’t often engaged in their electricity service

Alignment with Strategic Plan

- Objective 3.4: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE's service territory.
- Objective 5.2: Develop relationships with community stakeholder organizations that foster support for VCE's mission and vision.
- Objective 3.7: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

Goal 3: Support VCE's Programs Plan and Decarbonization Roadmap

We care about the climate crisis. One of the main drivers in the exponential growth of CCA in California has been decarbonization of the electric grid, and VCE is proud to do our part in ensuring that we lower electricity-related gHg emissions in Yolo County. We would like to further engage the public and private sector (through marketing and outreach) in lowering their emissions. VCE will be developing a Decarbonization Roadmap starting in 2021, and one of the marketing team's key goals will be supporting the marketing and outreach components of the roadmap, which may include aspects of energy efficiency and demand response.

One easy and cost-effective way to reduce emissions is by opting up to UltraGreen. The Marketing team will increase and improve messaging and campaigns that urge customers to opt up to VCE's premium 100% renewable electric service. UltraGreen is an easy way for member communities to make significant progress in their Climate Action Plans, so VCE is committed to working with member communities to make sure they are aware of this option. We know that we cannot do this alone, so a key part of this strategy is to work with our community partners to spread the word and urge customers to opt up. Other CCAs have seen success in their campaigns when they engaged community groups and member communities in opt-up campaigns, and we aim to realize similar success in our campaigns.

Core Messaging - messages customers receive as a result of Goal 3 tactics and campaigns:

- UltraGreen:
  - UltraGreen is the easiest way to **cut my carbon footprint**
  - UltraGreen is **reasonably priced**
  - I'm proud to **do my part** by opting up to UltraGreen
- Decarbonization
  - TBD based on finished Decarbonization Plan

Tactics

1. Support Customer Programs that are working toward decarbonization, energy efficiency and demand response
   a. Education Component
      i. In layperson's terms, explain what it is; how it contributes to decarbonization

    b. Action Component: make it easy and accessible for customers to enroll and participate in programs by developing sign-up materials and making online signup possible
    c. Impact component:
        i. Devise copy demonstrating: Mitigated X amount of emissions/carbon; equivalent to X (number of cars off the road, etc.)
2. Promote UltraGreen: present an easy gHg emissions reduction solution to customers
    a. Residential:
        i. Target demographics
            1. Customers who want solar but it’s not practical or cost-effective for where they live
            2. EV owners
            3. NEM customers
                a. Sample messaging: “carbon-free solution for those times when your solar panels are not producing”
    b. Non-residential: Easiest way to reduce carbon; co-marketing benefits
        i. Further develop co-marketing benefits
            1. Devise strategy in 2021; execute in 2021-2022
                a. Develop swag
                b. Develop collateral that businesses can use
        ii. Target demographics
            1. Sustainable businesses
            2. Businesses that are seeking green certification
            3. New developments (especially in Davis)
3. Work with member communities on Climate Action Planning
    a. As detailed in Strategic Plan, support member agency achievement of energy-sector emissions reduction targets by conducting outreach and building relationships
    b. Promote UltraGreen as an easy, cost-effective solution
        i. Finalize process for quickly calculating the added cost of UltraGreen for the customer by the end of 2021
    c. Determine how VCE can support wider resiliency efforts
4. Partner with other organizations on UltraGreen campaigns
    a. Non-profits
    b. Member agencies
    c. Co-branded UltraGreen marketing campaigns

Metrics

1. Higher UltraGreen participation rate: increase by 5% by the end of 2022
2. Measure and increase programs participation
3. Amount of carbon mitigated

Social Media Campaigns

1. UltraGreen awareness and Spotlight

2. Boosting resiliency messages online (e.g. battery storage, PSPS preparation, etc.)
3. Green Heroes program; co-marketing benefits
4. Demonstrating partnership with other organizations (non-profits and member communities)

Alignment with Strategic Plan

- Objective 3.1: Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
- Objective 4.3: Increase participation in VCE's UltraGreen 100% renewable product.

Appendix A: Green Ideals 2020 Outreach Plan

BACKGROUND

Green Ideals began working with VCE in December 2018. During the past 18 months, we have provided strategic and tactical tools to increase brand awareness and program participation, while trying to keep Opt Outs to a minimum. We have also provided some guidance for damage control, while we've all negotiated PG&E's bankruptcy filing and subsequent PSPS events.

Our goal during this fiscal year (until the end of our contract period) is the continued augmentation of brand awareness and more specifically, the development of positive expectations for VCE in the eyes of all customers—and prospective customers. We'll work to welcome customers from the City of Winters to the VCE family, and to make all electricity customers more aware of VCE's benefits, and of the general benefits of a cleaner environment. It's also important to convey to customers that through their participation in this program, they become part of something that is larger than themselves: a statewide initiative to improve air quality by reducing fossil fuel emissions—leading the way for the country as a whole.

The business, academic and social constraints we're experiencing as a result of COVID-19 and the CDC guidelines for safety mean that the community events and face-to-face interactions we once planned are not possible at this time. More creative channels must be developed, in order to reach out to people and help them feel confident about the positive role VCE plays in their lives. It's also clear that VCE marketing must make specific efforts to be inclusive towards every community segment, working to support social and environmental justice and equity.

The table on the following page offers specific recommendations to do that, along with approximate timing for each. Timing on some of the recommendations must be guided by practical considerations of program development and other factors.

We view this list of ideas as a general guide and will work with the VCE marketing team to augment and build upon it.

Valley Clean Energy | Outreach Recommendations 2020		
Task/Idea	**Deliverables**	**Timing**
Website - update/refresh	• add excitement to HOME page with graphics • add topical news to HOME page • build out dedicated customer pages • reconfigure photos of board and CAC • add TOU pages (res and comm) • add NEM video/revised page text • build out EV and EE sections	Aug/Sept 2020
General program collateral	• yard signs (all over, but especially in Winters) • hanging street banners (Opt Up / Winters enroll) • EV charger signs	September 2020, ongoing
Green Heroes campaign, cont.	• new photos and testimonials from UltraGreen customers • commercial and residential • use on website, newsletter, social media	October-December 2020
Winters enrollment	• Winters brochure - what is CCA and why do I care? • pre- and post-enrollment notices • local newspaper ads • hanging street banner • Mail Chimp reminders • OpEd and earned media releases • 2 digital workshops / digital invitations • Engage local community groups for support with outreach to underserved	Oct/Nov 2020
COVID-19 assistance	• Provide local drive-up or walk-in location for COVID-19 instant testing - or sponsor same at UC Davis (depends on availability and practical concerns) • Publicize through social and traditional media, and on website	As soon as possible
Opt Up all Yolo municipalities	• Engage local community organizations and UC Davis students to create campaign for all municipalities to Opt Up to UltraGreen	November 2020, ongoing
Videos for social media and website	• Create brief videos to share on social media, every 3 weeks • It's so easy to opt up! • How much does UltraGreen cost me each month (how to read my bill)? • Here's our Clean Energy mascot of the month!	Sept 2020 - ongoing
EV Program Promotion	• MailChimp, social media, news releases to announce Yolo EV charger stations • Rent EV with solar panels on the roof to drive around key neighborhoods • Post UC Davis students at each charging station to hand out stickers/clings to users	Just prior to charging station launch
Earned media outreach	• Continue OpEds from Board members every 4-6 weeks or as needed • Davis TV free banner ad • news releases to digital and print • radio and cable TV interviews	ongoing
Digital Opt Up campaign	• General UltraGreen promotion • Google and facebook push	Spring/Summer 2021

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

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

SUBJECT: California Community Power Agency Joint Powers Authority Consideration

DATE: February 11, 2021

RECOMMENDATION
Approve VCE membership in the California Community Power Agency Joint Powers Authority.

BACKGROUND & DISCUSSION
The purpose of California Community Power or "CC Power" Joint Powers Authority is to acquire energy, capacity, storage or other energy products on a scale that the individual members most likely would not be able to achieve on their own. The first proposed project of CC Power focuses on entering into one or more long-duration storage contracts. CC Power is designed as a procurement and project based public agency, rather than policy making agency. The JPA agreement states that "CC Power is not intended to be a policy-maker or advocate, though it may, from time to time, advance or support public policies in support of its purpose that do not conflict with interests or policies advanced by any Member."

The JPA Agreement created a new public agency in December 2020. The origins of this JPA stem from last year's joint CCAs long duration storage Request for Information (RFI). Although that RFI did not result in any agreements it did inform the CCAs that economies of scale and risk diversification are essential for (1) large scale projects and (2) emerging technology projects. The initial members of CC Power are all CCA's and currently include SVCE, 3CE, MCE, EBCE, PCE, SCP, San Jose Clean Energy, Redwood Coast Energy Authority. SFCleanPower and Valley Clean Energy are actively considering membership. The JPA Agreement provides that the CC Power Board of Directors may adopt a policy establishing the criteria for other public agencies that are not CCA's to become members with the approval of the Board.

Based on analysis conducted by other CCA's the liability safeguard of the JPA structure will apply to CC Power. As a member, VCE would not be liable for the debts, liabilities, or obligations of CC Power. However, VCE would take on legal obligations with respect to each CC Power project it decides to join (e.g. long-duration storage). These projects must be approved by the VCE Board by way of a project agreement. Each project agreement will define the legal obligations of the parties to it. Therefore, the VCE Board will have the opportunity to fully consider the benefits, obligations, and risks of each CC Power project that VCE may want to join.

The JPA Agreement provides that CC Power will be governed by a Board of Directors with each member having one director and one vote. The director will be the CEO or General Manager (or their designee) of the Member. The manner of selecting the director is a policy question. In the original drafting and preparation of the JP A Agreement, the CEO's and General Counsels leading the effort decided to propose that the directors be administrative staff of the JPA members due to the very technical nature of this JPA which is project rather than policy oriented. It is relevant to this choice that the CC Power Board will not be able to commit Members to any obligations other than the annual payment for administrative costs of the JPA. Also, it was felt that continuity on the Board is important due to the fact that the project agreements will be long-term obligations and having directors with a long-term knowledge base is important with respect to decision-making on this JPA Board. In the analysis of the founding members of the JPA, it is more likely that staff members on the Board will have greater tenure with their agency than elected officials.

CAC Recommendation

At its January 28, 2021 meeting the Community Advisory Committee (CAC), voted unanimously to recommend membership in CC Power. This recommendation was based on limited risk to VCE balanced with the opportunity to participate in larger scale and/or emerging technology projects than VCE could achieve on its own. Note: estimated costs to participate in CC Power have been updated since the CAC meeting based on additional information gathered from other participating CCA's. These updated costs are provided in the Financial section below; based on the CAC discussion at their meeting, Staff does not believe that this new information would have altered the overall recommendation of the CAC.

JPA Costs

The only costs imposed by the JPA Agreement on the members are the administrative costs of CC Power which do not include any project costs. All project related costs, including costs of consultants, will be allocated to the projects and the project participants. Administrative costs will be paid on an equal share basis by the members unless the CC Power Board decides by a two-thirds vote to provide for a different method of cost sharing. Project cost sharing will be determined by each project agreement and may take into account several factors such as the level of participation and credit strength of the project participants.

The JPA Agreement makes it easy for a member to withdraw from CC Power. The process simply involves notice of withdrawal by the member and the satisfaction of any outstanding obligations to CC Power by it. As long as there are no outstanding obligations, the CC Power Board is required to approve the withdrawal. For VCE, there should be no outstanding obligations to CC Power itself as any such obligations would require VCE Board approval. However, if VCE enters into any project agreements, it will remain bound to the project agreement even if it withdraws from CC Power. Each individual project agreement will define the manner in which project participants may withdraw from the project and at what cost.

If VCE joined the CC Power JPA it would have the opportunity, but not the obligation to participate in energy projects that most likely would not be otherwise available to it as an individual

CCA. The costs of entry are not substantial as the staffing of this JPA will be limited with most staffing and operating costs allocated to individual projects that will be paid by project participants. VCE would only incur significant financial obligations if it later decides to join specific CC Power projects.

FINANCIAL IMPACTS

It is anticipated that the total annual administrative and general costs to operate CC Power will be approximately $10,000-$20,000 depending on the number of entities that join CC Power. The cost of setting up CC Power has been budgeted at $120,000 to be shared equally by the participating entities, with VCE's share being approximately $12,000. Staff notes that the CAC is supportive of VCE joining CC Power, but at the time this topic was presented to the CAC, information from other CCA's available to Staff showed estimated annual costs would be approximately $10,000/yr. Since the 1/28/2021 CAC meeting, Staff has had the opportunity to engage several other CCAs and believes that it is appropriate to provide a range of potential costs rather than a single estimate.

RECOMMENDATION

Staff recommends that the Board approves the Interim General Manager executing the California Community Power Agency Joint Powers Agreement.

ATTACHMENTS

1. California Community Power Agency Joint Powers Agreement
2. Resolution

CALIFORNIA COMMUNITY POWER AGENCY
JOINT POWERS AGREEMENT

This Joint Powers Agreement ("Agreement") is made by and among those public agencies who are signatories to this Agreement, and those public agencies which may hereafter become signatories to this Agreement, for the purpose of operating a separate joint powers agency, which is named “California Community Power” or “CC Power.”

WITNESSETH

WHEREAS, it is to the mutual benefit of the Members and in the public interest that the Members join together to engage in the exercise of powers they have in common including, but not limited to, (i) the acquisition and operation of wholesale power supplies, resource adequacy and renewable attributes, (ii) the provision of joint consulting and contracting services via master agreements and bulk purchasing and financing of decarbonization products, (iii) the offering of energy risk management and California Independent System Operator (“CAISO”) scheduling services; and (iv) other energy services or programs which may be of benefit to Members (collectively, hereinafter “energy related programs”);

WHEREAS, CC Power’s primary objective is to provide for joint procurement of electrical power and storage and other energy projects for its Members, as set forth in this Agreement;

WHEREAS, the Members intend that CC Power shall better position the Members to administer community choice energy programs, and achieve their local agency goals, including but not limited to meeting or exceeding California’s greenhouse gas emission reduction targets through procurement of renewable resources.

WHEREAS, each of the public community choice aggregation agencies which is a Member to this Agreement has the power to establish, manage, operate and maintain Community Choice Aggregation (“CCA”) programs, electric service enterprises available to cities and counties pursuant to California Public Utilities Code Section 331.1(c) and 366.2 and to study, promote, develop, conduct, operate and manage energy related programs; and

WHEREAS, Title I, Division 7, Chapter 5, Article 1 of the California Government Code (the “Joint Powers Act” or “Act”) authorizes the joint exercise by two or more public agencies of any power which is common to each of them.

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do hereby agree as follows:

Article I. DEFINITIONS

In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized, shall have the meanings specified throughout this Agreement.

Section 1.01 **“Board”** means the Board of Directors of CC Power as established by this Agreement.

Section 1.02 **“CC Power”** means the Joint Powers Authority established by this Agreement.

Section 1.03 **“Member”** means a Public CCA Agency, or other public agency the Board determines to be eligible pursuant to Section 3.02, that is a signatory to this Agreement and has met the requirements of

Article III; the term "Member" shall, however, exclude any Public CCA Agency or other eligible public agency which shall have withdrawn or been excluded from CC Power pursuant to Section 3.04 below.

Section 1.04 "Project" means any and all of the following matters, which are approved by the Board pursuant to Article VI: (i) the construction, financing or acquisition of a wholesale power resource, resource adequacy and/or renewable and environmental attributes for use by the Members, and such other transactions, services, and goods that may be necessary or convenient to construct, finance, acquire or optimize the value of such resources, (ii) the bulk purchasing and/or financing of decarbonization products, including, but not limited to, heat pump water heaters, space heater heat pumps and electric vehicle charging services, (iii) energy risk management and CAISO scheduling products and services, (iv) acquisition, construction and financing of facilities for the generation or transmission of electrical energy and any related transactions, services, and goods that may be necessary or convenient to acquire, construct, and finance these facilities, (v) grid integration services, (vi) acquisition of capacity rights in any facility for the generation or transmission of electric energy, and (vii) any other energy related programs.

Section 1.05 "Project Agreement" means a contract between and among CC Power and Project Participants.

Section 1.06 "Project Participants" means any Member or group of Members who participate in a Project pursuant to Article VI below.

Section 1.07 "Public CCA Agency" means any public agency, or such joint powers agencies/authorities consisting of one or more public agencies, that has implemented a CCA program pursuant to California Public Utilities Code Sections 331.1 and 366.2.

Article II. FORMATION OF AUTHORITY

Section 2.01 Creation of CC Power. Pursuant to the Joint Powers Act, there is hereby created a public entity, to be known as "CC Power," which shall be a public entity separate and apart from its Members.

Section 2.02 Purpose. The purpose of this Agreement is for CC Power to develop, acquire, construct, own, manage, contract for, engage in, finance and/or provide energy related programs for the use of and by its Members. CC Power is not intended to be a policy-maker or advocate, though it may, from time to time, advance or support public policies in support of its purpose that do not conflict with interests or policies advanced by any Member.

Section 2.03 Powers. CC Power is authorized, in its own name, to do all acts necessary to fulfill the purposes of this Agreement as referred to in Section 2.02 above, and engage in the exercise of powers the Members have in common including, but not limited to, each of the following:

- **(a)** Acquire, purchase, finance, offer, arrange, construct, maintain, utilize and/or operate one or more Projects;
- **(b)** Establish, operate, maintain and/or fund energy related programs;
- **(c)** Make and enter into contracts;
- **(d)** Employ agents and employees;
- **(e)** Acquire, contract, manage, maintain, sell or otherwise dispose of real and personal property and operate any buildings, infrastructure, works, or improvements;
- **(f)** Receive contributions and donations of property, funds, services and other forms of assistance from any source;
- **(g)** Lease real or personal property as lessee and as lessor;
- **(h)** Sue and be sued in its own name;

(i) Incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;
(j) Receive, collect, invest and disburse moneys;
(k) Issue revenue bonds and other forms of indebtedness, as provided by law;
(l) Apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
(m) Make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer energy related programs;
(n) Adopt from time to time such policies, procedures, bylaws, rules or regulations for the conduct of its affairs as deemed necessary by the Board;
(o) Exercise all other powers necessary and proper to carry out this Agreement; and
(p) Defend, hold harmless, and indemnify, to the fullest extent permitted by law, each Member from any liability, claims, suits, or other actions.

Such powers shall be exercised in the manner provided in Section 6509 of the Government Code of the State of California, as amended, subject only to such restrictions upon the manner of exercising such powers as are imposed upon Silicon Valley Clean Energy in the exercise of similar powers. Should Silicon Valley Clean Energy withdraw or be excluded from this Agreement pursuant to Section 3.04 hereof, the manner of exercising any power shall be subject only to the restrictions upon the manner of exercising such powers as are imposed upon Marin Clean Energy.

Section 2.04 Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by CC Power within the territory of CC Power shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act.

Article III. MEMBERSHIP

Section 3.01 Member Agencies. Any Public CCA Agency, or other public agency determined by the Board to be eligible pursuant to Section 3.02, may become a Member upon meeting the following conditions:

(a) The Public CCA Agency or other eligible public agency shall file with the Board a certified copy of a resolution of its governing body whereby it (i) agrees to the provisions of this Agreement, and (ii) requests to become a Member; and
(b) No such Public CCA Agency or other eligible public agency shall become a Member until (i) its admission is approved at a regular or special meeting of the Board by at least two-thirds (2/3) of the entire Board, and (ii) it deposits or agrees to pay CC Power a share of organization, planning and other costs and charges as determined by the Board to be appropriate, if any.

Upon completion of the foregoing, the Public CCA Agency or other eligible public agency shall become a Member for all purposes of this Agreement.

Section 3.02 Eligible Public Agency Members. The Board may adopt policies to determine whether public agencies that are not Public CCA Agencies may be eligible to become a Member of CC Power.

Section 3.03 Cost Allocations.

(a) Unless otherwise determined by a two-thirds (2/3) vote of the entire Board, each Member shall pay an equal share of one member one share for general and administrative costs as determined by the Board associated with all operations of CC Power. General and administrative costs do not include any costs that relate solely to any specific Project Agreement.

(b) Project Agreements and other program agreements between and among any Member and/or CC Power will determine cost allocation and may consider, among other relevant factors, credit strength of the Members and may differ in price and collateral requirements as determined solely for such Project Agreement or other program agreements.

Section 3.04 Withdrawal or Exclusion of Member.

(a) Any Member may withdraw from CC Power upon the following conditions:

(i) The Member shall have filed with the Board Secretary a certified copy of a resolution of its governing body expressing its desire to so withdraw. Once a Member files a resolution to withdraw with the Board Secretary, that Member no longer has any voting rights on the Board;

(ii) Members participating in Projects, programs or services pursuant to Project Agreements or other program agreements approved by the Board are subject to the participation and withdrawal terms and conditions described in the applicable agreement; and

(iii) Prior to accepting the Member's filing of such resolution, any Member so terminating shall be obligated to pay its share of all debts, liabilities, and obligations of CC Power specifically assumed by the Member. However, this obligation shall take into account any refunds due to the Member and shall not extend to debts, liabilities and obligations secured or otherwise committed pursuant to Project Agreements or other program agreements between and among any Member and/or CC Power. The debts, liabilities and obligations of the Members to such Project Agreements or other program agreements shall be determined by their terms. Any obligations under this Agreement are subject to the limitations set forth in Article VIII.

(b) Upon compliance with the conditions specified in Section 3.04(a), the Board shall accept the withdrawing Member's resolution and the withdrawing Member shall no longer be considered a Member for any reason or purpose under this Agreement and its rights and obligations under this Agreement shall terminate. The withdrawal of a Member shall not affect any obligations of such Member under any Project Agreement or other program agreement.

(c) Any Member which has (i) defaulted under this Agreement, a Project Agreement, or other program agreement, (ii) failed to appoint a Director to serve on the Board in accordance with Section 4.02 below, or (iii) failed to pay any required share of costs in accordance with Sections 3.01 and 3.03 above, may have its rights under this Agreement terminated and may be excluded from participation in CC Power by the vote (taken at a regular or special meeting of the Board) of at least two-thirds (2/3) of the entire Board (including the Director representing the defaulting Member). Prior to any vote to terminate participation of any Member, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Member whose termination is proposed at least 60 days prior to the Board meeting at which such matter shall first be discussed as an agenda item. The written notice of the proposed termination shall specify the particular provisions of this Agreement or a Project Agreement or other program agreement which the Member has allegedly defaulted on, or whether the proposed termination is based on failure to appoint a Director or pay any required share of costs. The Member subject to possible termination shall have the opportunity to cure the violation prior to the meeting at which termination will be considered. At the meeting where termination of the Member is considered, the Member shall be given the opportunity to respond to any reasons and allegations that may be cited as a basis for termination prior to a termination vote. Any excluded Member shall continue to be liable for its obligations under any Project Agreement or other program agreement and for any unpaid contribution, payment, or advance approved by the Board prior to such Member's exclusion.

(d) The withdrawal or termination of a Member shall not affect the provisions or obligations set forth in Article VIII or Section 11.03 below.

Article IV. POWERS OF BOARD & MANAGEMENT OF CC POWER

Section 4.01 Board. CC Power shall be administered by a Board which shall consist of one Director representing each Member. Such Board shall be the governing body of this CC Power, and, as such, shall be vested with the powers set forth in this Agreement, and shall execute and administer this Agreement in accordance with the purposes and functions provided herein. The Board shall have the authority to provide for the general management and oversight of the affairs, property and business of CC Power.

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.

Section 4.03 Notices. The Board shall comply with the applicable provisions of Sections 6503.5, 6503.6 and 53051 of the Government Code requiring the filing of notices and a statement with the Secretary of State, the State Controller, the applicable county clerk and local agency formation commissions, including, but not limited to:

(a) Causing a notice of the Agreement or any amendment to the Agreement to be prepared and filed with the office of the Secretary of State within 30 days of the effective date of the Agreement or amendment, and

(b) Filing a statement of facts with the Secretary of State within 70 days after the date of commencement of CC Power's legal existence. Upon any change in the statement of facts presented to the Secretary of State, an amended statement of facts shall be filed with the Secretary of State within 10 days of the change.

Section 4.04 Committees. The Board may create committees to provide advice to the Board or conduct the business of CC Power subject to delegation of authority from the Board.

Section 4.05 Director Compensation. Compensation for work performed by Directors, including alternates, on behalf of CC Power shall be borne by the Member that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.

Section 4.06 Board Officers. At its first meeting in each calendar year, the Board shall elect or re-elect a Chair and a Vice-Chair each of whom shall be selected from among the Directors and shall also appoint or re-appoint a Secretary and a Treasurer/Controller each of whom may, but need not, be selected from among the Directors.

(a) **Chair and Vice-Chair**. The duties of the Chair shall be to preside over the Board meetings, sign all ordinances, resolutions, contracts and correspondence adopted or authorized by the Board, and to help ensure the Board's directives and resolutions are carried out. In the absence or inability of the Chair to act, the Vice Chair shall act as Chair.

(b) **Treasurer and Controller.** The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Controller, neither of whom needs to be a Director. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Controller of CC Power. The Treasurer shall be the depository of CC Power to have custody of all the money of CC Power, from whatever source. The Controller shall draw warrants to pay demands against CC Power when the demands have been approved by the Chair or Vice Chair of CC Power. The Treasurer and Controller shall have the other powers, duties and responsibilities of such officers as specified in Section 6505 of the Government Code of the State of California, as amended, except insofar as such powers, duties and responsibilities are assigned to a trustee appointed, as is provided for and authorized in Section 6550 of the Government Code of the State of California, as amended, pursuant to any resolution, indenture or other instrument providing for the issuance of bonds or notes of CC Power pursuant to this Agreement. The Board may require the Treasurer and/or Controller to file with CC Power an official bond in an amount to be fixed by the Board, and if so requested CC Power shall pay the cost of premiums associated with the bond. The Treasurer and Controller shall cause an independent audit to be made by a certified public accountant, or public accountants, in compliance with Section 6505 of the Government Code.

(c) **Secretary.** The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other official records of CC Power, and responding to public records requests of the JPA.

Section 4.07 Management of CC Power. The Board shall appoint a part-time or full-time General Manager, and may appoint one or more part-time or full-time Assistant General Managers, to serve at the pleasure of the Board. The General Manager shall be responsible for the day-to-day operation and management of CC Power. The General Manager may enter into and execute contracts in accordance with the policies established and direction provided by the Board, and shall file an official bond in the amount determined from time to time by the Board.

Section 4.08 Other Officers and Employees. The Board shall have the power to appoint such other officers and staff as it may deem necessary who shall have such powers, duties and responsibilities as are determined by the Board, and to retain independent accountants, legal counsel, engineers and other consultants. The Members may contract with CC Power to provide staff to perform services for CC Power, but such employees shall at all times, and for all purposes including benefits and compensation, remain employees of the Member only.

Section 4.09 Budget. The budget shall be approved by the Board. The Board may revise the budget from time-to-time as may be reasonably necessary to address contingencies and expected expenses. All subsequent budgets of CC Power shall be approved by the Board in accordance with rules as may be adopted by the Board from time to time. All expenditures must be made in accordance with the adopted budget.

Article V. MEETINGS OF THE BOARD

Section 5.01 Regular Meetings. The Board shall hold at least one regular meeting per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution of the Board. Regular meetings may be adjourned to another meeting time.

Section 5.02 Special Meetings. Special and emergency meetings of the Board may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5, as amended.

Section 5.03 Brown Act Compliance. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.), and as augmented by rules of the Board not inconsistent therewith. Directors may participate in meetings telephonically or by other electronic means, with full voting rights, only to the extent permitted by law.

Section 5.04 Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board, both regular and special, and shall cause a copy of the minutes to be forwarded promptly to each Director.

Section 5.05 Quorum. A quorum of the Board shall consist of a majority of the Directors, except that less than a quorum may adjourn from time to time in accordance with law.

Section 5.06 Voting. Except to the extent set forth in a Project Agreement or as otherwise specified in this Agreement, each Member shall have one vote, which may be cast on any matter before the Board by each Director or alternate. Except to the extent otherwise specified in this Agreement, or by law, a vote of the majority of the Directors in attendance shall be sufficient to constitute action, provided a quorum is established and maintained.

(a) Special Voting Requirements as specified in this Agreement:

- **(i)** Action of the Board to amend Section 3.03 related to cost allocations shall require the affirmative vote of at least two-thirds (2/3) of the entire Board.
- **(ii)** Action of the Board on the matters set forth in Section 3.04(c) related to involuntary termination of a Member shall require the affirmative vote of at least two-thirds (2/3) of the entire Board.
- **(iii)** Action of the Board on the matters set forth in Section 9.01 related to termination of this Agreement shall require the affirmative vote of at least two-thirds (2/3) of the entire Board approved by resolution of each Member's governing body.
- **(iv)** Action of the Board to amend this Agreement shall be subject to the voting requirements set forth in Section 11.02 below.

Article VI. PROJECTS

Section 6.01 Projects. The Board has the power, upon majority vote of the Directors in attendance, provided a quorum is established and maintained, to establish Projects within the purpose and power of CC Power and to adopt guidelines for their implementation.

Section 6.02 Right to Participate in Projects. The Board shall provide at least sixty (60) days prior written notice to all Members, unless such notice is otherwise waived, before any Project may be considered for adoption by a vote of the Board. Such notice shall be provided to the Director of each Member. Once a Project is approved by the Board as set forth in Section 6.01 above, all Members shall have the right, but not the obligation, to participate in a pro-rata share in the Project as determined by the Project Agreement. All Members who elect not to participate in the Project have no obligations under the Project.

Section 6.03 Project Agreement. All expenses, rights and obligations to any specific Projects will be handled through Project Agreements that will be separate and distinct from this Agreement.

Article VII. BONDS AND OTHER INDEBTEDNESS

CC Power shall also have the power to issue, sell and deliver bonds in accordance with the provisions of the Joint Powers Act for the purpose of acquiring, financing, performing or constructing one or more Projects and to enter into other indebtedness for the purpose of financing one or more studies or Projects and for the purpose of providing temporary financing of costs of development, construction or acquisition of one or more Projects. The terms and conditions of the issuance of any such bonds or indebtedness shall be set forth in such resolution, indenture or other instrument, as required by law and as approved by the Board. Bonds issued under this article and contracts or obligations entered into to carry out the purposes for which bonds are issued, payable in whole or in part from the proceeds of said bonds, shall not constitute a debt, liability or obligation of any of the Members unless the governing body of the Member by resolution expressly agrees that the Member will be obligated under the bond or other indebtedness or the Member takes on obligations pursuant to a Project Agreement.

Article VIII. LIMITATION ON LIABILITY OF MEMBERS

Section 8.01 Pursuant to Section 6508.1 of the Government Code of the State of California, no debt, liability or obligation of CC Power shall be a debt, liability or obligation of any Member unless such Member agrees in writing to assume any of the debts, liabilities, or obligations of CC Power pursuant to a Project Agreement. Nothing contained in this Article VIII shall in any way diminish the liability of any Member with respect to any Project Agreement such Member enters into pursuant to this Agreement.

Section 8.02 **Individual Member Provisions**.

(a) The City of San José is a municipal corporation and is precluded under the California State Constitution and applicable law from entering into obligations that financially bind future governing bodies, and, therefore, nothing in the Agreement shall constitute an obligation of future legislative bodies of the City to appropriate funds for purposes of the Agreement. Any obligations under this Agreement and any Project Agreement are special limited obligations of San José Clean Energy payable solely from the Designated Fund (defined as the San Jose Energy Operating Fund established pursuant to City of San Jose Municipal Code, Title 4, Part 63, Section 4.80.4050 *et seq.)* ("Designated Fund") and shall not be a charge upon the revenues or general fund of the City of San José or upon any non- San José Clean Energy moneys or other property of the Community Energy Department or the City of San José.

(b) CleanPowerSF's payment obligations under this Agreement are special limited obligations of CleanPowerSF payable solely from the revenues of CleanPowerSF. CleanPowerSF's payment obligations under this Agreement are not a charge upon the revenues or general fund of the San Francisco Public Utilities Commission or the City and County of San Francisco or upon any non-CleanPowerSF moneys or other property of the San Francisco Public Utilities Commission or the City and County of San Francisco. CleanPowerSF's obligations hereunder shall not at any time exceed the amount certified by the San Francisco City Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of CleanPowerSF are not authorized to request, and CleanPowerSF is not required to reimburse CC Power for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of CleanPowerSF are not authorized to offer or promise, nor is CleanPowerSF required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the San Francisco City Controller. The San Francisco City Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

Article IX. TERM; TERMINATION; LIQUIDATION; DISTRIBUTION

Section 9.01 **Term and Termination.** This Agreement shall become effective when at least two Members execute this Agreement. This Agreement shall continue in full force and effect until terminated as provided in this Article; provided however, this Agreement cannot be terminated until such time as all principal of and interest on bonds and other forms of indebtedness issued by CC Power are paid in full. Thereafter, this Agreement may be terminated by a two-thirds (2/3) vote of the entire Board approved by resolution of each Member's governing body; provided, however, that this Agreement and CC Power shall continue to exist after termination for the purpose of disposing of all claims, distribution of assets and all other functions necessary to conclude the obligations and affairs of CC Power. In no event shall this

Agreement or the powers herein granted to CC Power be terminated until (a) all bonds and other indebtedness of CC Power and the interest thereon shall have been paid or adequate provision for such payment shall have been made in accordance with the instruments governing such bonds and indebtedness and (b) all other obligations and liabilities of CC Power shall have been met or adequately provided for.

Section 9.02 Liquidation; Distribution. Upon termination of this Agreement, the Board shall liquidate the business and assets and the property of CC Power as expeditiously as possible, and distribute any net proceeds, after the conclusions of all debts and obligations of CC Power, to any Members in proportion to the contributions made or in such manner as otherwise provided by law. The Board is vested with all powers of CC Power for the purpose of concluding and dissolving the business affairs of CC Power.

ARTICLE X. ACCOUNTS AND REPORTS

Section 10.01 Establishment and Administration of Funds. CC Power is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It will comply with every provision of law relating to the establishment and administration of funds, particularly Section 6505 of the California Government Code. CC Power shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any resolution, indenture or other instrument of CC Power securing its bonds or other indebtedness, except insofar as such powers, duties and responsibilities are assigned to a trustee appointed pursuant to such resolution, indenture or other instrument. The books and records of CC Power shall be open to inspection at all reasonable times to each Member and its representatives.

Section 10.02 Annual Audits and Audit Reports. The Treasurer/Controller shall cause an annual independent audit of the accounts and records of CC Power to be made by a certified public accountant or public accountant in accordance with all applicable laws. If permitted by applicable law and authorized by the Board, the audit(s) may be conducted at the longer interval authorized by applicable law. A report of the financial audit will be filed as a public record with each Member. CC Power will pay the cost of the financial audit and charge the cost against the Members in the same manner as other administrative costs.

ARTICLE XI. GENERAL PROVISIONS

Section 11.01 Successors and Assigns. No Member may assign any right or obligation under this Agreement without the consent of all other Members. This section shall not affect, in any respect, any right of assignment under any Project Agreement.

Section 11.02 Amendments. Subject to any requirements of law, a two-thirds (2/3) vote of the entire Board will be required to amend Articles II, III, VIII, and IX of this Agreement. Once an amendment of Articles II, III, VIII, or IX is adopted by the Board, the amendment must be approved by two-thirds of the Members pursuant to that Members' applicable approval process. All other provisions of this Agreement may be amended at any time or from time to time by an amendment approved by at least two-thirds (2/3) vote of the entire Board. Written notice shall be provided to all Members of proposed amendments to this Agreement, including the effective date of such amendments, at least 60 days prior to the date upon which the Board votes on such amendments.

Section 11.03 Indemnification and Insurance. To the fullest extent permitted by law, CC Power shall defend, indemnify, and hold harmless the Members and each of their respective Directors, alternates, officers, employees and agents from any and all claims losses damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of CC Power under this Agreement to the extent not otherwise provided under a Project Agreement. CC Power shall acquire such insurance coverage as the Board deems is necessary and appropriate to protect the interests of CC Power and the Members.

Section 11.04 Notices. The Board shall designate its principal office as the location at which it will receive notices, correspondence, and other communications, and shall designate one of its Directors or staff as an officer for the purpose of receiving service on behalf of the Board. Any notice given pursuant to this Agreement shall be in writing and shall be dated and signed by the Member giving such notice. Notice to each Member under this Agreement is sufficient if mailed to the Member and separately to the Member's Director to their respective addresses on file with CC Power.

Section 11.05 Severability. Should any portion, term, condition, or provision of this Agreement be determined by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the remaining portions, terms, conditions, and provisions shall not be affected thereby.

Section 11.06 Section Headings. The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section to which they refer.

Section 11.07 Choice of Law. This Agreement will be governed and construed in accordance with the laws of the State of California.

Section 11.08 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all Members had signed the same instrument.

Section 11.09 Dispute Resolution. The Members shall make reasonable efforts to informally settle all disputes arising out of, or in connection with, this Agreement. Should such informal efforts to settle a dispute fail, the dispute shall be mediated in accordance with policies and procedures established by the Board.

[Signature Page Follows]

Signature Page

IN WITNESS WHEREOF, each of the Members hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By:___________________________________

Name:________________________________

Title:_________________________________

CCA Name:____________________________

Date:_________________________________

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021-___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING MEMBERSHIP IN THE CALIFORNIA COMMUNITY POWER AGENCY JOINT POWERS AUTHORITY AND AUTHORIZING THE INTERIM GENERAL MANAGER TO EXECUTE THE AGREEMENT

WHEREAS, in December 2020, the California Community Power ("CC Power") Joint Powers Authority was formed by several Community Choice Aggregators (CCAs) to acquire energy, capacity, storage or other energy products on a scale that individual members most likely would not be able to achieve on their own; and

WHEREAS, initial members of CC Power are all Community Choice Aggregators (CCAs); and

WHEREAS, each CC Power project would be evaluated and reviewed by VCE Staff and the Board to fully consider the benefits, obligations, and risks without taking on legal obligations with respect to CC Power and only taking on the legal obligations related to specific projects VCE enters into; and,

WHEREAS, CC Power will be governed by a Board of Directors with each member having one director and one vote, with the director being the CEO or General Manager of each member agency (or their designee); and

WHEREAS, the VCE Board finds that membership in CC Power will help VCE achieve its strategic goals and mission to deliver cost effective clean electricity and programs to its customers and member communities.

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

1. Approve Valley Clean Energy's membership in the California Community Power Agency Joint Powers Authority; and

2. The Interim General Manager is authorized to finalize, execute, and sign the CC Power JPA agreement on behalf of VCE and, in consultation with legal counsel, to implement the Board's decision.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Dan Carson, VCE Chair

____
Alisa M. Lembke, VCEA Board Secretary

Attachment A: California Community Power Agency Joint Powers Agreement

Attachment A

California Community Power Agency Joint Powers Agreement

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 15

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Update on Time-of-Use (TOU) Rates and implementation schedule (Informational)

DATE: February 11, 2021

The purpose of this report is to update the Board on the transition of VCE customers to Time-of-Use (TOU) rates.

BACKGROUND
On September 12, 2019, the Board approved VCE's transition to TOU rates. These rates are designed to help California more closely align electricity demand with supply as the state transitions to a portfolio with higher levels of renewable power. In this transition, customers' rates will shift from flat rates (electricity costs the same at any time the customer uses it), to TOU rates (the price varies according to when the customer uses it). Customers will be transitioned automatically to TOU rates unless they decline the transition, are already on a TOU rate, or qualify for an exemption (e.g. certain solar rates have a phase-out period). In the new rates, more expensive peak periods are shifted to later in the day, 4-9pm or 5-8pm, to send price signals to customers for conservation in the evening hours when there is less solar electricity on the grid, and higher demand.

The statewide transition is currently underway, with some areas having completed the transition, such as SMUD (Sacramento). The current schedule for VCE's TOU transition is as follows:

- VCE Residential customers (non-Solar NEM): February 2022
- VCE Residential customers (Solar NEM): in the month of their PG&E true-up, between April 2021-March 2022
- VCE Non-residential customers: March 2021; or
- Highly impacted agricultural customers: November 2021 or March 2022 (pending CPUC decision); or
- VCE Non-residential customers with more than one account: December 2021

Key elements of the residential TOU transition include:

- Residential customers will receive notifications on the transition, including mailed VCE and PG&E co-branded letters 90 and 30 days before the transition.
- Residential customers will have the option to decline the transition and remain on a flat (non-TOU) rate.
- Staff is exploring the possibility of providing Bill Protection to VCE residential customers on the generation portion of the bill to match a one year "Bill Protection" option offered by PG&E. Bill Protection would become available if the new rates create negative financial impacts for them compared to the most common flat rate, E1. The PG&E Bill Protection credit would be calculated after 12 months on the rate and would appear as a credit on the customer's electricity bill. Most CCAs plan to provide Bill Protection. Staff is examining the costs to VCE associated with setting up and running a TOU Bill Protection program.

Non-residential customers (i.e. Industrial and Commercial), most of whom are already on a TOU rate, will not have the option to remain on a non-TOU rate except for certain legacy rates (mostly solar). Non-residential customers will not be offered Bill Protection by PG&E or other CCAs.

<u>Customer Outreach on TOU</u>
Statewide customer outreach around the TOU transition started in PG&E territory in 2019, including print and television ads as well as a statewide coalition working with a range of community-based organizations (CBOs) to get the word out to customers. The statewide marketing campaign has been overseen by the firm that initiated the Energy Upgrade California campaign.

Based on analysis of the TOU pilot programs conducted by PG&E and several CCAs in 2018, bill impacts for the transition to TOU are expected to be minimal for most residential customers. Data from the pilot programs also indicated minimal customer complaints or increased opt-out rates, but noticeable load shift and curtailment out of highly impacted peak periods. In addition, considerable efforts have been made by PG&E to communicate this information to non-residential customers, and outreach and informational webinars continue to be conducted. Based on these factors, staff does not anticipate that the TOU transition will result in a high level of customer dissatisfaction, or in higher opt-out rates.

NEXT STEPS
The next steps in the TOU transition process are:

- Customer outreach: Customers will receive VCE/PG&E co-branded notifications at 90- and 30-days before customers transition (e.g. non-NEM residential customers will start to receive their 90-day notifications in November 2021). Further outreach in partnership with PG&E and community-based organizations is in discussion and further detail will be included in the next TOU update in Q3 2021.
- Analysis/recommendation on Bill Protection: to go before the Board in Q3 2021.