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

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 telephonically. Any interested member of the public who wishes to listen in should join this meeting via teleconferencing 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 meeting ID code. Teleconference information below to join meeting:

Join meeting via Zoom:

a. **From a PC, Mac, iPad, iPhone, or Android device with high-speed internet. (If your device does not have audio, please also join by phone.)**
   https://us02web.zoom.us/j/82816472774
   Meeting ID: 828 1647 2774

b. **By phone**
   One tap mobile:
   +1-669-900-9128,,82816472774 US
   +1-253-215-8782,,82816472774 US

   Dial:
   +1-669-900-9128 US
   +1-253-215-8782 US
   Meeting ID: 828 1647 2774

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**
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 February 11, 2021 Board Meeting Minutes.**
5. **Receive 2021 Long Range Calendar.**
6. **Receive Financial Update – January 30, 2021 (unaudited) financial statement.**
7. **Receive March 3, 2021 Regulatory Update provided by Keyes & Fox.**
8. **Receive March 3, 2021 Customer Enrollment Update.**
9. **Receive Community Advisory Committee February 25, 2021 Meeting Summary and copies of 2021 Task Group Charges.**
10. **Ratify Valley Clean Energy's support of the following Legislative bills:**
    A. **Senate Bill 612 (Portantino). Electrical Corporations. Legacy Resources. Transparency. - ensure fair and equal access to the benefits of legacy resources held in IOU portfolios and management of these resources to maximize value for all customers.**
    B. **Assembly Bill 843 (Aguiar-Curry). BioEnergy Feed-in-Tariff. Access. – authorizes CCAs to voluntarily bring contracts to the CPUC for bioenergy projects procured via the BioMAT feed-in-tariff program.**

REGULAR AGENDA

11. **Adopt a statement supporting electrification of new buildings.**
12. **Adopt Valley Clean Energy customer rates commencing March 2021 to match Pacific Gas & Electric's generation rates.**
13. **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.

CLOSED SESSION

Public comment on the closed session items only will be read at this time.

14. **VCE Board: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of section 54956.9 (One case)**
15. **Reconvene in open session to report from Closed Session, if needed. It is anticipated that the Board will have nothing to report out.**

16. **Adjournment:** The Board has scheduled a meeting for Thursday, April 8, 2021 at 4:00 p.m. to held via teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS SPECIAL MEETING ON THURSDAY, MARCH 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. When called upon, please press *6 to unmute your microphone.

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

Public 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 February 11, 2021 Board Meeting

DATE: March 11, 2021

RECOMMENDATION

Receive, review and approve the attached February 11, 2021 Board meeting Minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, FEBRUARY 11, 2021

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, February 11, 2021 at 4:00 p.m., to be held via Zoom Webinar. Chair Dan Carson established that there was a quorum present and began the meeting at 4:10 p.m.

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

Members Absent:

Welcome

Chair Carson welcomed those in attendance.

Approval of Agenda / Designation of Board Subcommittee

Motion made by Director Frerichs to approve the February 11, 2021 Board meeting agenda, seconded by Director Sandy. Motion passed unanimously.

Chair Carson announced the Board Subcommittee Members: Jesse Loren (City of Winters), Don Saylor (Yolo County), Tom Stallard (City of Woodland), and himself, Dan Carson (City of Davis).

Public Comment

Chair Carson opened the floor for public comment. There were no written or verbal public comments.

Approval of Consent Agenda / Resolution 2021-005

Motion made by Director Sandy to approve the consent agenda, seconded by Director Loren. There were no written or verbal public comments. Motion passed unanimously. The following items were approved, ratified, and/or received:

4. January 21, 2021 Board Special meeting Minutes;
5. 2021 Long Range Calendar;
6. Financial Updated – December 31, 2020 (unaudited) financial statement;
7. Legislative updated provided by Pacific Policy Group;
8. February 3, 2021 Regulatory update provided by Keyes & Fox;
9. February 3, 2021 Customer Enrollment Update;
10. Community Advisory Committee January 28, 2021 meeting summary;
11. Update of Valley Clean Energy customer rates for 2021 to match Pacific Gas & Electric's generation rates; and,
12. changes to employee medical benefits offered by Valley Clean Energy and updates to the Employee Handbook as Resolution 2021-005.

Item 13: Consider approval of 2021 Valley Clean Energy

Interim General Manager Mitch Sears introduced this item. VCE Staff Rebecca Boyles provided a review of the 2021 Outreach and Marketing Plan. The Board asked questions and provided input. Suggestions were made: outreach

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Outreach and Marketing Plan	messaging to address opt outs should be tailored to the individual communities; there should be an emphasis on metrics – where VCE is at now, then later outcomes and areas of emphasis to be incorporated into next year's plan; and, focusing on the customer's needs, product explanation, and the importance of local control. There were no verbal or written public comments. Director Loren made a motion to adopt the 2021 Outreach and Marketing Plan, seconded by Director Vega. Motion passed by the following vote: AYES: Sandy, Vega, Cowan, Frerichs, Saylor, Stallard, Loren, Carson NOES: None ABSENT: None ABSTAIN: None
Item 14: Consider joining California Community Power Agency Joint Powers Authority / Resolution 2021-006	Mr. Sears introduced this item. VCE Staff Gordon Samuel reviewed slides and provided a summary of the California Community Power Agency (CC Power) Joint Powers Authority (JPA). The Board asked questions and made comments. Items discussed were: JPA staff capacity and how the JPA will interact with California Community Choice Association (CalCCA); the origin of this JPA; the difference between the JPA and CalCCA; what types of energy products might be considered by the JPA; and, whether this JPA has been publicized and supported. There were no verbal or written public comments. Director Frerichs made a motion to approve Valley Clean Energy's membership in the California Community Power Agency Joint Powers Authority and authorize the Interim General Manager to execute the JPA agreement in consultation with legal counsel, seconded by Director Saylor. Motion passed as Resolution 2021-006 by the following vote: AYES: Sandy, Vega, Cowan, Frerichs, Saylor, Stallard, Loren, Carson NOES: None ABSENT: None ABSTAIN: None
Item 15: Update on Time of Use (TOU) Rates and implementation schedule. (Informational)	Mr. Sears introduced this item. Ms. Boyles reviewed slides and provided a brief update on Time of Use and the implementation schedule. The Board briefly discussed whether the COVID-19 pandemic has an impact on TOU versus load. Ms. Boyles mentioned that the next step is to bring the question of bill protection to the Board for discussion at a future meeting. There were no written or verbal public comments.
Item 16: Update on SACOG Grant "Electrify Yolo"	Mr. Sears introduced this item and informed those present that the Memorandum of Understanding (MOU) for the Sacramento Area Council of Governments (SACOG) grant between VCE and the City of Davis has been signed.

Electric Vehicle (EV) Project. (Informational)	VCE is working directly with the City of Winters on their EV installation project, and the grant projects are moving forward. The Board expressed concern that the grant projects will extend beyond the grant's expiration date. Mr. Sears informed those present that the funding mechanism has been an issue; however, VCE Staff has been in contact with the other jurisdiction staff and will continue to do so to move the projects along. The Board emphasized the need for VCE to market these projects as an example of what VCE can do now and in the future. The Board would also like to see signage while the work is going on. There were no written or verbal public comments.
Board Member and Staff Announcements	Mr. Sears informed those present that Mark Fenstermaker of Pacific Policy Group, VCE's lobby consultant, briefed the Board Subcommittee on a few legislative bills. The Subcommittee gave direction to move forward on supporting two bills related to: 1) CalCCA's efforts related to power charge indifference charge (PCIA) or "above market costs" and 2) expanding participation in biomass projects to Community Choice Aggregates (CCAs). Mr. Sears informed those present that VCE Staff have been working on setting up presentations with the various jurisdictions on VCE's 3-year Strategic Plan and other items happening on the staff level. Director Frerichs informed those present that two (2) new appointees have been assigned to the California Energy Commission (CEC) and to the California Public Utilities Commission (CPUC), both are from Yolo County. This is an opportunity to start building relationships. Chair Carson informed those present that the City of Davis Council will be addressing their 2021 legislative platform at their next meeting. The draft platform includes support of VCE's legislative efforts. The next Board meeting is scheduled for March 11, 2021 at 4 p.m. via webinar/teleconference.
Adjournment	Chairperson Carson adjourned the meeting at 5:22 p.m.

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: March 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 • Legislative Bills • Update on Time of Use (TOU) roll out	• Informational • Discussion/Action • Discussion/Action • Discussion/Action • Informational

March 11, 2021	**Board** ~~WOODLAND~~	• New Building Electrification • Legislative Bills	• Discussion/Action • Action
March 25, 2021	**Advisory Committee** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee • Net Energy Metering (NEM) Policy • Draft Programs Plan – Programs Task Group	• Discussion • Informational • Discussion/Action
April 8, 2021	**Board** ~~DAVIS~~	• Preliminary FY21/22 Operating Budget • River City Bank Revolving Line of Credit • Net Energy Metering (NEM) Policy	• Informational/Discussion • Action • Discussion/Action
April 22, 2021	**Advisory Committee** ~~DAVIS~~	• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • Carbon Neutrality (placeholder) • AB 992 (Social Media)/Brown Act - Best Best Krieger presentation	• Informational • 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~~	• Update on SACOG Grant – Electrify Yolo • Carbon Neutrality (placeholder)	• Informational • 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~~	• Carbon Neutrality / Types of Energy (placeholder)	• Discussion/Action

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	**Board** ~~WOODLAND~~	• Certification of Power Content Label • Update on SACOG Grant – Electrify Yolo	• Action • Informational

Veterans' Day – Holiday – need to reschedule			
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: Recommendation 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: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Financial Update – January 31, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2021

DATE: March 11, 2021

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of January 1, 2021 to January 31, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2021.

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 January 31, 2021.

<u>Financial Statements for the period January 1, 2021 – January 31, 2021</u>
In the Statement of Net Position, VCEA as of January 31, 2021 has a total of $13,634,251 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $1,670,159 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of January 31, 2021 $268,618. 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 $1,120,082 as of January 31, 2021, for a total of $1,515,404. On January 31, 2021, VCE's net position is $16,405,209.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $3,445,236 of revenue (net of allowance for doubtful accounts) of which $3,492,826 was billed in January and ($1,461,096) represent estimated unbilled revenue. The cost of the electricity for the January revenue totaled $2,712,863. For January, VCEA's gross margin is approximately 13% and operating income totaled $453,560. The year-to-date change in net position was ($182,475).

In the Statement of Cash Flows, VCEA cash flows from operations was $819,010 due to January cash receipts of revenues being higher than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending January 31, 2021

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

Electric Revenue - $4,343,194 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 - $3,992,944 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.

Legal General Counsel – ($39,035) and (80%) – 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 – ($138,735) 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) January 1, 2021 to January 31, 2021 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending January 31, 2021

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021

PREPARED ON FEBRUARY 25, 2021

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
JANUARY 31, 2021
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	13,634,251
Accounts receivable, net of allowance		4,801,068
Accrued revenue		1,461,096
Prepaid expenses		21,897
Other current assets and deposits		6,883
Total current assets		19,925,195
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		1,670,159
Total restricted assets		2,770,159
Noncurrent assets:		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	$	22,795,354
LIABILITIES		
Current liabilities:		
Accounts payable	$	466,636
Accrued payroll		26,560
Interest payable		3,900
Due to member agencies		262,618
Accrued cost of electricity		2,689,524
Other accrued liabilities		(1,053,973)
Security deposits - energy supplies		2,405,640
User taxes and energy surcharges		73,836
Current Portion of LT Debt		395,322
Total current liabilities		5,270,063
Noncurrent liabilities		
Term Loan- RCB		1,120,082
Total noncurrent liabilities		1,120,082
TOTAL LIABILITIES	$	6,390,145
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		2,770,159
Unrestricted		13,410,550
TOTAL NET POSITION	$	16,405,209

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JANUARY 1, 2021 TO JANUARY 31, 2021
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2021	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 3,445,236	$ 36,715,532
TOTAL OPERATING REVENUES	3,445,236	36,715,532
OPERATING EXPENSES		
Cost of electricity	2,712,863	34,361,855
Contract services	142,498	1,570,824
Staff compensation	90,412	656,130
General, administration, and other	45,903	309,729
TOTAL OPERATING EXPENSES	2,991,676	36,898,538
TOTAL OPERATING INCOME (LOSS)	453,560	(183,006)
NONOPERATING REVENUES (EXPENSES)		
Interest income	4,501	35,597
Interest and related expenses	(4,659)	(35,066)
TOTAL NONOPERATING REVENUES (EXPENSES)	(158)	531
CHANGE IN NET POSITION	453,402	(182,475)
Net position at beginning of period	15,951,807	16,587,684
Net position at end of period	$ 16,405,209	$ 16,405,209

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2021	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 3,373,220	$ 39,400,339
Receipts for security deposits with energy suppliers	-	1,890,000
Payments to purchase electricity	(3,189,497)	(36,263,758)
Payments for contract services, general, and adminstration	(466,715)	(3,561,854)
Payments for staff compensation	(86,823)	(641,374)
Other cash payments	-	(4,343)
Net cash provided (used) by operating activities	(369,815)	819,010
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,944)	(230,602)
Interest and related expenses	(4,760)	(35,601)
Net cash provided (used) by non-capital financing activities	(37,704)	(266,203)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	4,501	35,597
Net cash provided (used) by investing activities	4,501	35,597
NET CHANGE IN CASH AND CASH EQUIVALENTS	(403,018)	588,404
Cash and cash equivalents at beginning of period	16,807,428	15,816,006
Cash and cash equivalents at end of period	$ 16,404,410	$ 16,404,410
Cash and cash equivalents included in:		
Cash and cash equivalents	13,634,251	13,634,251
Restricted assets	2,770,159	2,770,159
Cash and cash equivalents at end of period	$ 16,404,410	$ 16,404,410

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2021	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING		
Operating Income (Loss)	$ 453,560	$ (183,006)
(Increase) decrease in net accounts receivable	(86,473.00)	1,159,143
(Increase) decrease in accrued revenue	(932)	1,512,099
(Increase) decrease in prepaid expenses	(18,772)	(21,272)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	(4,343)
Increase (decrease) in accounts payable	(8,925)	(175,764)
Increase (decrease) in accrued payroll	3,589	14,756
Increase (decrease) in due to member agencies	21,774	146,152
Increase (decrease) in accrued cost of electricity	(476,634)	(1,901,903)
Increase (decrease) in other accrued liabilities	(272,391)	(1,630,417)
Increase (decrease)security deposits with energy suppliers	-	1,890,000
Increase (decrease) in user taxes and energy surcharges	15,389	13,565
Net cash provided (used) by operating activities	$ (369,815)	$ 819,010

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2021
FOR THE YEAR TO DATE ENDING 01-31-2021

GL#	Description	1/31/2021 YTD FY2021 Actuals	1/31/2021 YTD FY2021 Budget	YTD Variance	% over/-under
301.00	Electric Revenue	$ 36,715,532	$ 32,372,337	$ 4,343,194	13%
311.00	Interest Revenues	35,597	69,846	(34,250)	-49%
415.00	Purchased Power	34,361,850	30,368,905	3,992,944	13%
	Labor & Benefits	656,129	672,617	(16,488)	-2%
451.10	Salaries & Wages/Benefits	455,777	492,907	(37,130)	-8%
451.20	Contract Labor	142,402	108,536	33,865	31%
453.41	Human Resources & Payroll	57,951	71,174	(13,223)	-19%
	Office Supplies & Other Expenses	91,660	85,650	6,010	7%
452.10	Technology Costs	22,162	12,539	9,623	77%
452.15	Office Supplies	670	1,344	(674)	-50%
452.25	Travel	-	3,556	(3,556)	-100%
452.30	CalCCA Dues	67,158	67,161	(3)	0%
452.35	Memberships	1,670	1,050	620	59%
	Contractual Services	1,593,055	1,773,772	(180,718)	-10%
453.10	LEAN Energy	11,945	14,000	(2,055)	-15%
453.15	Don Dame	2,159	5,833	(3,675)	-63%
453.20	SMUD - Credit Support	342,224	354,212	(11,988)	-3%
453.21	SMUD - Wholesale Energy Services	335,804	336,324	(520)	0%
453.22	SMUD - Call Center	435,407	431,466	3,941	1%
453.23	SMUD - Operating Services	114,510	159,000	(44,490)	-28%
	Legal Bankruptcy	-	14,350	(14,350)	-100%
	Legal General Counsel	17,065	86,100	(69,035)	-80%
453.36	Regulatory Counsel	128,208	110,782	17,426	16%
453.37	Joint CCA Regulatory counsel	12,859	17,938	(5,079)	-28%
453.38	Legislative	35,000	35,875	(875)	-2%
453.40	Accounting Services	13,255	14,350	(1,095)	-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	100,671	133,580	(32,909)	-25%
	Rents & Leases	8,992	10,172	(1,180)	-12%
457.10	Hunt Boyer Mansion	8,992	10,172	(1,180)	-12%
	Other A&G	195,006	228,826	(33,820)	-15%
459.10	PG&E Data Fees	175,551	167,221	8,330	5%
459.15	Community Engagement Activities & Sponsorships	2,036	3,588	(1,552)	-43%
459.20	Insurance	2,919	4,400	(1,481)	-34%
459.08	New Member Expenses	-	43,500	(43,500)	-100%
459.70	Banking Fees	14,500	718	13,783	1921%
	Program Costs	-	9,400	(9,400)	-100%
463.00	Miscellaneous Operating Expenses	2,129	3,666	(1,538)	-42%
463.99	Contingency	-	138,735	(138,735)	-100%
	TOTAL OPERATING EXPENSES	$ 36,908,820	$ 33,282,344	$ 3,626,476	11%
481.20	Interest Expense - Munis	-	-	-	0%
481.10	Interest on RCB loan	34,419	34,952	(533)	-2%
482.10	Interest Expense - SMUD	323	646	(323)	-50%
	NET INCOME	$ (192,433)	$ (875,759)	$ 683,326	-78%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: March 11, 2021

Please find attached Keyes & Fox's January 2021 Regulatory Memorandum dated March 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 March 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: March 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:

- **New: PG&E's 2020 ERRA Compliance:** PG&E filed its 2020 ERRA Compliance application and testimony.
- **IRP Rulemaking:** On February 22, 2021, the ALJ issued a Ruling providing the results of staff's analysis on mid-term reliability and proposing a new procurement mandate that would be allocated across LSEs of 7,500 MW by 2025. The CPUC also issued D.21-02-028, recommending electricity resource portfolios to CAISO to study in its 2021-2022 Transmission Planning Process (TPP).
- **Ensuring Summer 2021 Reliability:** Parties filed opening and reply briefs on February 5, 2021, and February 12, 2021, respectively. The IOUs submitted advice letters providing contracts for their additional procurement on February 16, 2021. D.21-02-028, which formalized the requirement for IOUs to conduct the additional procurement to address summer 2021 reliability was issued on February 17, 2021. A proposed decision on the remaining issues in this proceeding is anticipated to be issued soon.
- **RPS Rulemaking:** VCE and other retail sellers submitted their Final 2020 RPS Procurement Plans.
- **RA Rulemaking (2021-2022):** The ALJ issued a Ruling providing Energy Division's Track 4 proposal. The Energy Division held workshops on Track 3B.1, Track 3B.2, and Track 4 proposals. CalCCA filed a Protest of PG&E's Advice Letter 6078-E, which proposes that Energy Division approve the Central Procurement Entity Procurement Plan (PP).
- **PG&E's Phase 2 GRC:** The Assigned Commissioner issued a Scoping Memo and Ruling that modifies the scope and procedural schedule to accommodate real-time pricing (RTP) issues being separated into a separate proceeding track. Rebuttal testimony was due February 23, 2021.

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- **PCIA Rulemaking:** Parties filed reply 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**: PG&E filed its updated regionalization proposal on February 26, 2021. The updated regionalization plan moves Yolo country from Region 1 to Region 2, where it would be grouped with other northern counties, but would no longer be grouped with coastal counties.
- **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.
- **Other Notable Regulatory Updates**:
  - **CPUC Holds Electric Rates En Banc, Issues White Paper:** The CPUC published a white paper and held an En Banc to discuss electric and gas cost and rate trends over the next decade. The white paper finds that since 2013, PG&E's rates have increased by 37%. The paper's 10-year baseline forecast shows steady growth in customer rates (nominal $/kWh) between 2020 and 2030 for the three IOUs, with PG&E's rates forecasted to increase from $0.240/kWh to $0.329/kWh, or about an annual average increase of 3.7%.
  - **PG&E Advice Letter 6090-E and 6090-E-A on Rate Changes:** PG&E filed its advice letter to update its electric rates and tariffs effective March 1, 2021 to implement various revenue requirement and rate design changes approved in PG&E's 2020 General Rate Case Phase 1 Decision D.20-12-005. PG&E will be transitioning Commercial and Industrial and Agricultural customers to the new mandatory Time-of-Use electric rate schedules with later peak hours. PG&E is also modifying the legacy C&I and Agricultural rate schedules to implement revised TOU period rate differentials and rate design changes, which the utility says were approved by D.18-08-013 in PG&E's 2017 GRC Phase II and D.19-05-010 in PG&E's 2019 Rate Design Window.
  - **PG&E Application to Issue $1.2 Billion in Recovery Bonds and Nonbypassable Charge:** On February 24, 2021, PG&E filed an Application requesting authority to issue Wildfire Hardening Recovery Bonds up to a total principal amount of approximately $1.2 billion, to recover fire risk mitigation capital expenditures that have been or will be incurred by PG&E in 2020 and 2021. PG&E would recover these costs by creating a nonbypassable Wildfire Hardening Fixed Recovery Charge.
  - **2022 and 2023 Wildfire Fund Nonbypassable Charge Rulemaking:** The CPUC is expected to vote at its March 4 meeting to open a new rulemaking that will determine the Wildfire Fund Nonbypassable Charge for 2022 and 2023. A prehearing conference is

expected in April. More details on this new rulemaking will be included in next month's regulatory memo.

- **Draft Resolution Invoking Step 1 of Enhanced Oversight and Enforcement Process on PG&E:** The CPUC issued draft Resolution M-4852 that, if approved, would invoke Step 1 of the Enhanced Oversight and Enforcement Process for PG&E, which requires "enhanced reporting." It finds that PG&E has made insufficient progress with risk-driven wildfire mitigation efforts and would require PG&E to submit a Corrective Action Plan within 20 days of the Resolution effective date. Comments on the draft resolution are due March 17, and it will be on the agenda at the April 15 Commission meeting.

  More specifically, the draft resolution would find that PG&E is not sufficiently prioritizing its Enhanced Vegetation Management (EVM) based on risk. PG&E ranks its power line circuits by wildfire risk, but the work performed in 2020 demonstrates that PG&E is not making risk-driven investments, according to the draft resolution. It finds that PG&E is not doing the majority of EVM work – or even a significant portion of work – on the highest risk lines. The draft resolution would also require that every 90 days following service of the Corrective Action Plan described above, PG&E would be required to serve a report updating the information required in the Corrective Action Plan until the Commission issues a Resolution or other communication providing otherwise.

New: PG&E 2020 ERRA Compliance

On March 1, 2021, PG&E filed its 2020 ERRA Compliance application.

- **Background**: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the preceding year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.
- **Details**: PG&E is requesting that the CPUC find it complied with its Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, resource adequacy sales, and least-cost dispatch of electric generation resources for the 2020 calendar year. It also seeks a CPUC finding that it managed its utility-owned generation (UOG) facilities reasonably, although it recommends that CPUC review of outages at Diablo Canyon Power Plant related to the Unit 2 main generator be delayed to the 2021 ERRA Compliance review. Of significance to the PCIA, PG&E is requesting the CPUC find that entries in its Portfolio Allocation Balancing Account (PABA), which trues up the above-market forecast of generation resources recovered through the PCIA with actual recorded costs and revenues, are accurate.

  PG&E's procurement costs recorded across the portfolio were $158.8 million higher than forecasted, primarily due to higher-than-forecast RPS-eligible contracts, as offset by higher than forecast retained RPS and retained RA, as well as lower than forecast fuel costs for UOG facilities. Activity recorded in the PABA includes the following categories: Revenues from Customers, RPS Activity, RA Activity, Adopted UOG Revenue Requirements, CAISO Related Charges and Revenues, Fuel Costs, Contract Costs, GHG Costs, and Miscellaneous Costs. PG&E has redacted as confidential its 2020 actual and forecast costs for these categories, so it is unclear from the public filing what the magnitude is regarding the difference between actual and forecast costs for each category.
- **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 2020. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Both issues could impact the level of the PCIA in 2022.
- **Next Steps**: Protests and responses will be due 30 days after this application is noticed in the CPUC's daily calendar. (As of March 3, 2021, it had not been.) PG&E has proposed a schedule

that incudes a prehearing conference on May 6, 2021, CalAdvocates/intervenor testimony on July 12, 2021, and proposed and final decisions issued in Q1 2022.

- **Additional Information**: Application (March 1, 2021); Docket No. A.21-03-___(TBD).

IRP Rulemaking

On February 17, 2021, the CPUC issued D.21-02-028, recommending electricity resource portfolios to CAISO to study in its 2021-2022 Transmission Planning Process (TPP). On February 22, 2021, the ALJ issued a Ruling providing the results of staff's analysis on mid-term reliability and proposing a new procurement mandate that would be allocated across LSEs of 7,500 MW by 2025.

- **Background**: 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: The CPUC is examining LSE plans to replace Diablo Canyon capacity and has conducted an overall assessment and gap analysis to inform a procurement order that could direct LSEs to procure additional capacity (see February 22 Ruling described below). 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: *Completed*. D.21-02-028 transmitted portfolios 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 requires 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 February 22 Ruling presents the results of analysis by Commission staff of the need for electric system reliability resources out to 2026, taking into consideration both the reliability issues experienced in August 2020 as well as the forthcoming retirement of Diablo Canyon. The Ruling proposes mandating that LSEs procure 7,500 MW of effective capacity additions by 2025. Of that total, at least 1,000 MW would be required to come from geothermal resources and 1,000 MW would be required to come from long-duration storage (defined as providing 8 hours of storage or more). The Ruling would allocate individual LSE procurement requirements by using each LSE's (as reported in the LSE's 2020 IRP). The CPUC would calculate each LSE's load and resource balance (based on an LSE's existing resources and those in development as of June

30, 2020) for each year through 2026 to determine their resource shortfall, if any, and then apportion their responsibility for the overall procurement need based on that shortfall relative to that of the other LSEs. All LSEs would be required to procure their share of additional resources (i.e., there is no option for LSEs to opt-out and have the IOUs procure on their behalf, for example), and there would be a noncompliance penalty set at the cost of new entry (CONE), plus the LSE would be responsible for the costs of backstop procurement. For compliance purposes, eligible resources would be those that are contracted and approved by VCE's board after June 30, 2020. However, a compliant resource may not also be used to satisfy an LSE's procurement obligation under D.19-11-016.

Table 3. Total Recommended Mid-Term Procurement Requirements (in NQC MW)

Type of Resource	2023	2024	2025	Total
Geothermal resources	-	-	1,000	1,000
Long-duration storage resources	-	-	1,000	1,000
Any type of resource	1,800	3,700	-	5,500
Total	1,800	3,700	2,000	7,500

D.21-02-028 recommended 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 9 GW of new battery storage, 16 GW of new in-state renewables, 1 GW of out-of-state renewables, and geothermal and pumped storage resources.
- Two sensitivity portfolios, for study purposes: (1) A portfolio that meets a 38 MMT GHG emissions target in 2031. This portfolio includes approximately 19 GW of new in-state renewables, over 9 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**: The Ruling's proposal for a new 7,500 MW by 2025 procurement mandate could impose a new procurement obligation and associated compliance obligations on VCE. To the extent VCE is allocated a share of the obligation, it would have to procure a portion of its requirement from long-duration storage and geothermal resources. D.21-02-028 could impact future transmission development and access to and availability of new resources.
- **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: Comments on the February 22 Ruling proposing a 7,500 MW by 2025 procurement mandate are due March 19, 2021, and replies are due April 2, 2021.
  - Preferred System Portfolio Development: A workshop on a reconciled portfolio aggregation of all LSE IRPs is anticipated for Q1 2021.

- **Additional Information**: Ruling on staff reliability analysis and 7,500 MW by 2025 procurement mandate (February 22, 2021); D.21-02-028 recommending portfolios for CAISO's 2021-2022 TPP (February 17, 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.

Ensuring Summer 2021 Reliability

Parties filed opening and reply briefs on February 5, 2021, and February 12, 2021, respectively. The IOUs submitted advice letters providing contracts for their additional procurement on February 16, 2021. D.21-02-028, which formalized the requirement for IOUs to conduct the additional procurement to address summer 2021 reliability was issued on February 17, 2021. A proposed decision on the remaining issues in this proceeding is anticipated to be issued soon.

- **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 is focused 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 is considering: (1) expedited procurement that could be online by summer 2021 and 2022, including the expansion of gas-fired generation assets; (2) a 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.

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

- **Details**: D.21-02-028 did 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. D.21-02-028 directed 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).

  Accordingly, PG&E requested approval of its share of the additional procurement through two advice letters. PG&E AL 6088-E included 10 contracts for 135.3 MW, with nine contracts relating to incremental energy through increased exports via one or a combination of (1) the reduction of host load (for Combined Heat and Power resources) or (2) increased output above what would otherwise be scheduled or contractually allowed. The tenth agreement was a contract amendment that secured incremental energy supply in peak and net peak periods. PG&E AL 6089-E requested approval of two contracts for 250 MW for Firm Forward Imported Energy for summer 2021.

- **Analysis**: The forthcoming proposed decision in this proceeding addressing remaining issues could 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. This PD could address VCE's proposed Agricultural AutoDR Demand Flexibility Pilot. D.21-02-028 will indirectly affect VCE customers, as VCE customers along with other benefitting customers will be allocated costs through CAM from PG&E's procurement. As the focus of this proceeding is on summer 2021 reliability, the final order will be issued by April 2021 and implemented quickly thereafter.
- **Next Steps**: 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**: D.21-02-028 directing IOUs to seek additional capacity for summer 2021 (February 17, 2021); PG&E AL 6089-E and AL 6088-E on summer 2021 capacity procurement (February 16, 2021) 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); Order Instituting Rulemaking (November 20, 2020); Docket No. R.20-11-003.

RPS Rulemaking

On February 19, 2021, VCE and other retail sellers submitted their Final 2020 RPS Procurement Plans.

- **Background**: This proceeding addresses ongoing RPS issues. VCE submitted its Draft 2020 RPS Procurement Plan on July 6, 2020, and its 2019 RPS Compliance Report on August 3, 2020.

  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**: D.21-01-005, issued in January, 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. D.21-01-005 also identified several areas for VCE and most other LSEs to update or modify in its Final 2020 RPS Procurement Plan, which VCE completed through its February 19, 2021 submission. In addition to updating its Plan with the status of its RPS contracting, VCE's Final 2020 RPS Procurement Plan included substantive updates to its discussions of its minimum margin of over-procurement and safety/decommissioning considerations in line with the direction of D.21-01-005.
- **Analysis**: The submission of the Final 2020 RPS Procurement Plan completes the 2020 RPS Plan process. Based on prior years, the ALJ is expected to issue a ruling in spring of 2021 that provides the requirements for the 2021 RPS Procurement Plan, which is expected to be due this summer. The 2020 RPS Compliance Report will be due August 1, 2021.

  Other issues to be addressed in this proceeding could further impact future RPS compliance obligations.
- **Next Steps**: A PD aligning RPS and IRP filings is anticipated to be issued soon, followed by an opportunity for comments and reply comments. Both the 2021 RPS Procurement Plan (TBD) and the 2020 RPS Compliance Report (August 1) are expected to be due this summer.

- **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)

On February 1, 2021, the ALJ issued a Ruling providing Energy Division's Track 4 proposal. The Energy Division held workshops on February 8-10, 2021 on Track 3B.2 proposals and on February 25, 2021, on proposals in Tracks 3B.1 and 4. On February 18, 2021, CalCCA filed a Protest of PG&E's Advice Letter 6078-E, which proposes that Energy Division approve the Central Procurement Entity (CPE) Procurement Plan (PP).

- **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 CPEs. 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**: Energy Division's Track 4 proposals include the following, among others:
  - Maximum Cumulative Capacity (MCC) Buckets: All MCC Buckets would be adjusted to require availability Monday through *Saturday* (currently, only Monday through Friday is required for DR resources). This would require updates to some demand response programs. The minimum availability of MCC Category 1 resources would be increased from 40 to 100 hours per month between 4:00 and 9:00 pm and apply year-round. To reduce complexity, Staff also propose to eliminate MCC Category 2. This bucket is rarely used as there are few resources that are available for eight, but not sixteen, hours per day.
  - Marginal Effective Load Carrying Capability (ELCC) for New Solar Contracts: Staff propose that all solar resources that reach COD after December 31, 2020 receive a QC value of 0, i.e., they would not be able to provide any RA compliance benefits. However, resources that reach COD in 2021 or later that were contracted before the date of the Track 4 decision would receive the average ELCC if they provide evidence of the date the contract was signed to CPUC staff.
  - Demand Response (DR) Adders: Staff posed a series of questions regarding DR adders.

- DR MCC Bucket: Staff recommends that the Commission further consider the cap on the DR bucket and requirements for DR resources and requests feedback on various options, such as lowering the 8.3% cap on DR resources in light of the performance of DR resources identified by the Root Cause Analysis.
- Revise the RA Penalty Structure: Staff wants to raise RA penalties for noncompliance. Staff requests feedback on an appropriate system RA penalty and whether the change should be made immediately for 2022 or gradually phased in.

CalCCA's protest of AL 6078-E was based on four grounds:

- PG&E argues erroneously that AB 57 does not apply to CPE procurement.
- The CPE PP lacks a process for "showing" local RA resource attributes for compensation under the Local Capacity Requirement Reduction Compensation Mechanism, as specified in D.20-12-006.
- The CPE PP provides no insight into the process for comparing shown resources with bid resources.
- The CPE PP does not define tools that will be used to enable the Peer Review Group and Independent Evaluator to ensure PG&E has complied with the competitive neutrality rules adopted in D.20-12-006.

- **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 (including removal of RA value for solar resources for projects with CODs after December 31, 2020 that are not under contract as of the date of the Track 4 decision), 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: Comments on Track 3B.1 proposals are due March 12, 2021; reply comments are due March 26, 2021; and a Proposed Decision is expected May 2021.

  Track 3B.2: Comments on Track 3B.2 proposals are due March 12, 2021; reply comments are due March 23, 2021; and a Proposed Decision is expected May 2021.

  Track 4: Comments on Track 4 proposals are due March 12, 2021; reply comments are due March 26, 2021; and a Proposed Decision is expected May 2021.
- **Additional Information**: Ruling providing Energy Division's Track 4 proposal (February 1, 2021). 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 February 16, 2021, the Assigned Commissioner issued a Scoping Memo and Ruling that modifies the scope and procedural schedule to accommodate real-time pricing (RTP) issues being separated into a separate proceeding track. Rebuttal testimony was due February 23, 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**: The Scoping Memo and Ruling issued in February targets a decision on non-RTP issues in October 2021, and a decision on RTP issues in March 2022.

- **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**: PG&E supplemental testimony on RTP issues only is due March 29, 2021, with intervenor responsive testimony due May 28, 2021, and rebuttal testimony due July 30, 2021. An evidentiary hearing on non-RTP issues is scheduled for April 8-22, 2021, and the evidentiary hearing on RTP issues will occur in September 2021. Opening and reply briefs, respectively, on non-RTP issues are due May 20, 2021, and June 10, 2021. A CPUC decision on non-RTP issues is anticipated for October 2021, and a decision on RTP issues is anticipated in May 2022.

- **Additional Information**: Scoping Memo and Ruling (February 16, 2021); Ruling bifurcating RTP issues into separate track (February 2, 2021); PG&E Status Report (December 18, 2020); D.20-09-021 on EUS budget (September 28, 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 reply comments in response to the questions provided in Attachment A of the Amended Scoping Memo and Ruling on February 5, 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.
- **Next Steps**: 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

PG&E submitted its updated regionalization proposal on 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. 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.

  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).

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.

- **Details**: PG&E's updated regionalization plan includes a number of modifications relative to their initial proposal. In response to feedback, PG&E modified its five regions (renamed North Coast, North Valley & Sierra, Bay Area, South Bay & Central Coast, and Central Valley), including moving Yolo County from Region 1 to Region 2 (North Valley & Sierra), where it would be grouped together with the following counties: Colusa, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Solano, Sutter, Tehama, and Yuba. PG&E also provided more information on the new leadership positions that it is creating and its "Lean Operating System" implementation. Currently, PG&E is in Phase 1 of 3 of its regionalization plan, which is focused on refining regional boundaries, establishing roles and governance for regional leadership, and recruiting and hiring for those positions. In Phase 2 (second half of 2021 through 2022), PG&E will establish and implement the regional boundaries and provide the resources and staffing to support it. In Phase 3 (2023 and after), PG&E will continue to reassess, refine and collaborate with other functional groups to improve efficiencies, safety, reliability and customer service.
- **Analysis**: 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 and updated 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. It could also impact municipalization efforts, although this issue has not been explicitly addressed and remains unclear at this time. As part of Region 2, VCE would be grouped with several northern counties in central and eastern California.
- **Next Steps**: An updated, 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**: PG&E Updated Regionalization Proposal (February 26, 2021); 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 8

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care & Marketing

SUBJECT: Customer Enrollment Update (Information)

DATE: March 11, 2021

RECOMMENDATION

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

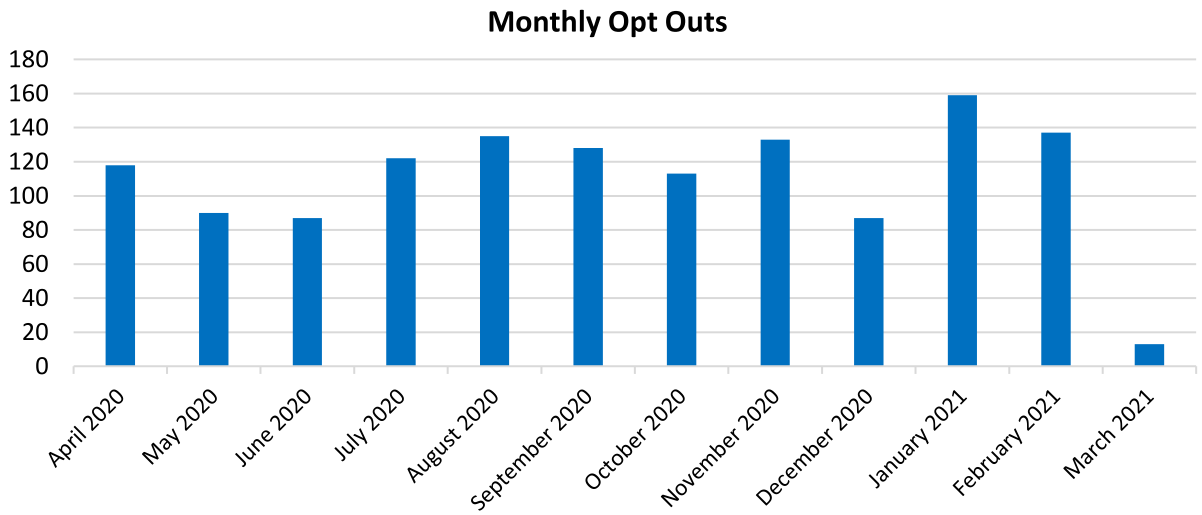
Item 8 - Enrollment Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,803	20,734	2,212	10,749	61,498	53,413	6,117	6	1,874	9,857	51,641
Eligible customers	29,099	23,648	2,401	12,246	67,394	58,495	6,663	6	2,126	10,670	56,724
Participation Rate	96%	88%	92%	88%	91%	91%	92%	100%	88%	92%	91%

There are currently 376 Winters customers not included in this table. NEM will enroll throughout 2021.

% of Load Opted Out

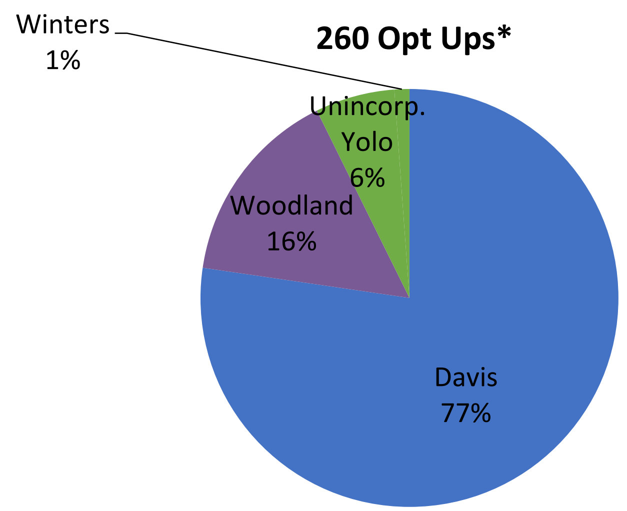
Residential	Commercial	Industrial	Ag	Total
9%	8%	0%	12%	9%

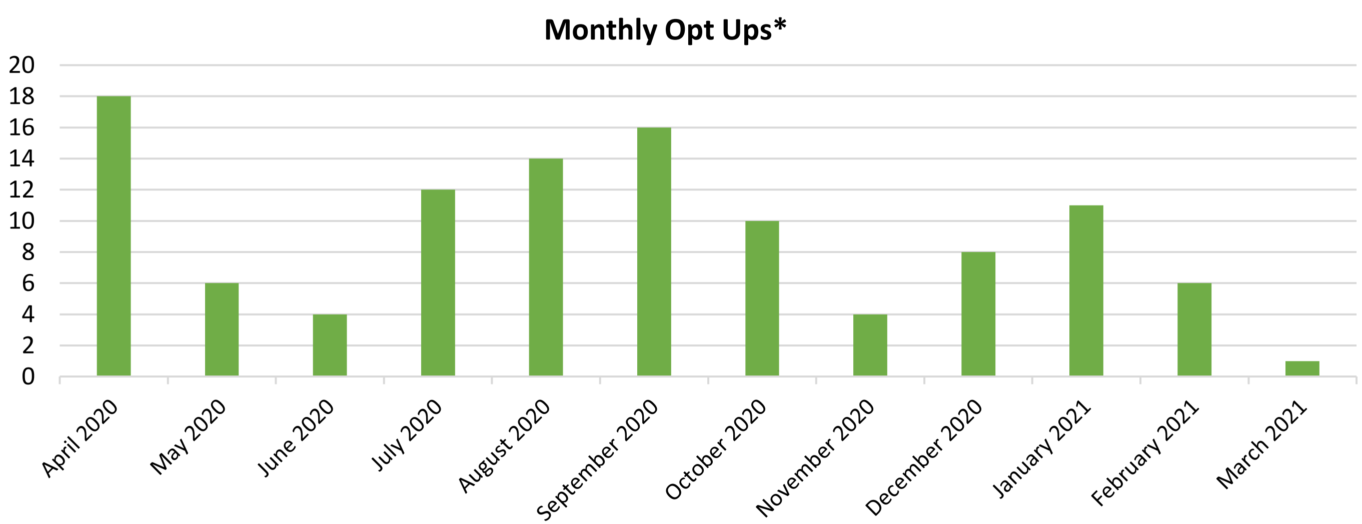


Status Date: 3/3/21

VALLEY CLEAN ENERGY

Item 8 - Enrollment Update

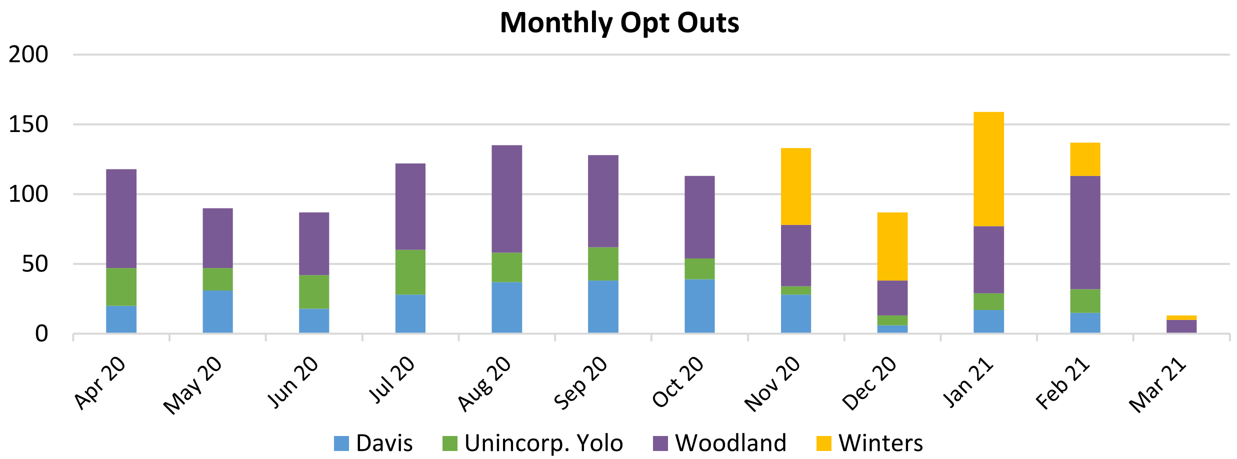


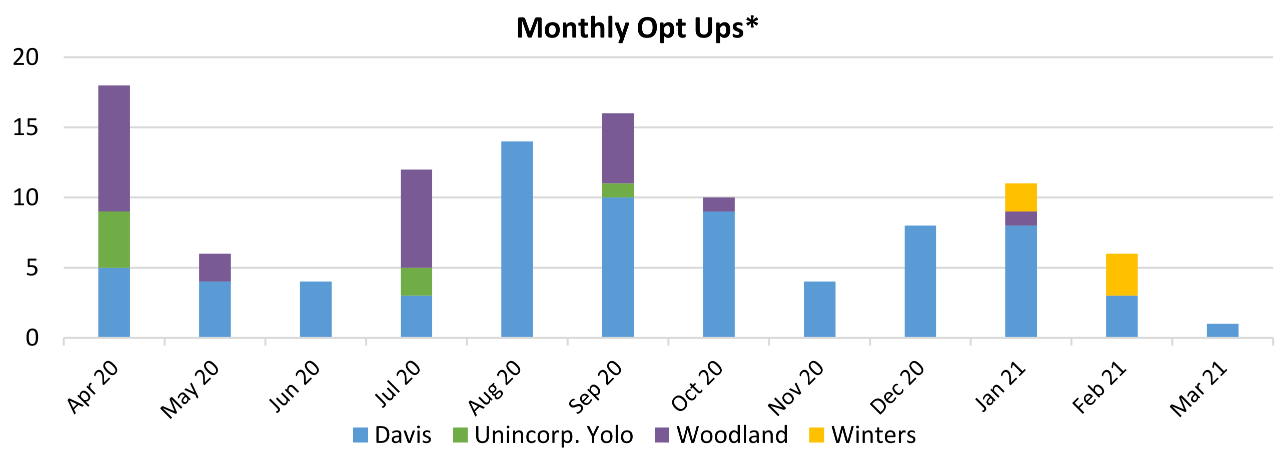


* These numbers represent opt ups for customers who are currently enrolled.

Status Date: 3/3/21

Item 8 - Enrollment Update



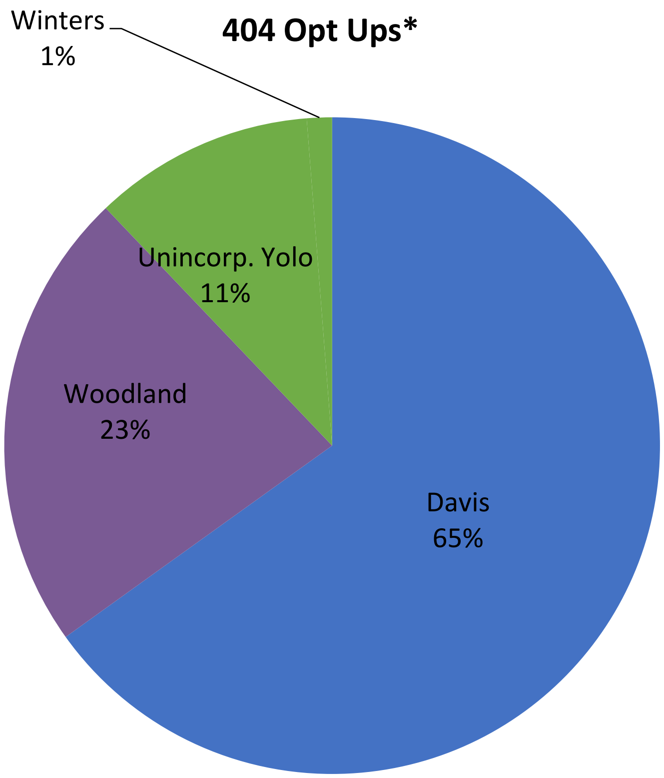


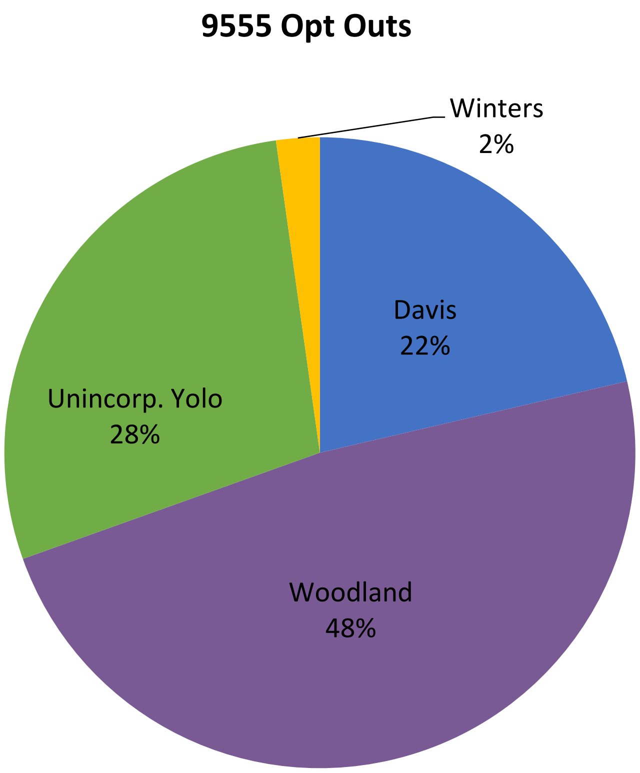
* These numbers represent all opt up or opt out actions ever taken regardless of current customer enrollment status.

Status Date: 3/3/21

VALLEY CLEAN ENERGY

Item 8 - Enrollment Update





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

Status Date: 3/3/21

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee February 25, 2021 Meeting Summary And 2021 Task Group Charges
DATE:	March 11, 2021

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, February 25, 2020 at 5 p.m. and provides copies of the Task Group Charges for 2021.

A. **Recommendation on Legislative Bills SB 612 (Portantino) and AB 843 (Aguiar-Curry):** The CAC received a report from Staff and Mark Fenstermaker of Pacific Policy Group, VCE's lobbyist consultant, on two legislative bills: SB 612 and AB 843. The CAC voted to recommend that the Board consider confirming support of: 1) SB 612 (Portantino). Electrical Corporations. Allocation of Legacy Resources. (11-0-0) and 2) AB 843 (Aguiar-Curry) California Renewable Portfolio Standard Program: Renewable Feed-in-Tariff (10-0-1).

B. **Approval of 2021 CAC Task Group Charges:** The CAC reviewed and discussed the draft Task Group Charges for 2021. The CAC approved the draft Charges with minor changes including the deletion of "Charge 2" listed on the draft Carbon Neutral and Decarbonization Task Group Charge and, incorporation of Strategic Plan and Environmental Justice in all charges, with final Charges to be provided to the Board at their March 11th meeting. (11-0-0) Please see the attached 2021 Task Group Charges.

C. **Recommendation on VCE's policy supporting new building electrification:** The CAC discussed Staff's recommendation and voted to recommend that the Board consider:

1. Adopting a *statement* supporting and encouraging electrification of new buildings;
2. Sharing information regarding new building electrification broadly with the member jurisdictions upon request;
3. Joining the Building Decarbonization Coalition. (11-0-0)

D. **Update on SACOG Electrify Yolo (Electric Vehicle) Grant:** Staff provided the history and update of the Sacramento Area Council of Governments (SACOG) grant that was awarded to VCE called "Electrify Yolo" project. The CAC also asked that subsequent updates to the Board on the SACOG status be included in the CAC consent agenda as informational.

Attachment: CAC Task Group Charges

COMMUNITY ADVISORY COMMITTEE

2021 LEG/REG TASK GROUP

Members: Yvonne Hunter (chair), Lorenzo Kristov, Jennifer Rindahl

VCE Staff: Mitch Sears

Charge: Work with VCE's lobbyist and VCE staff to:

- Provide feedback, technical information and strategic advice to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general, including legislation and regulatory issues related to VCE's Strategic Plan and Environmental Justice Statement.
- Provide periodic reports to the CAC about legislation and regulatory issues.
- Solicit recommendations from the CAC on VCE positions on key legislation and regulatory proceedings.
- Contribute to VCE's engagement with legislators and other stakeholders.
- Advise VCE staff on CalCCA's regulatory work where and when appropriate.

2021 OUTREACH TASK GROUP

Members: Mark Aulman – Chair, Marsha Baird, Chris Casey, Yvonne Hunter

VCE Staff: Rebecca Boyles

Charge: Collaborate with VCEA staff and consultants on community outreach to, and liaison with, member communities

Assist in the development of public information strategies, planning, and materials related to VCEA policies and programs. As requested by staff, review draft materials and provide comments as appropriate

Specific Tasks

1. Consult with staff and Green Ideals on short-term and long-term outreach strategies and communications projects
2. Help define audience segments within VCE's service area and consult on appropriate messages and communications approaches
3. Provide a sounding board to assist in message development and copy testing
4. Review development procedures for marketing communications and public relations projects
5. Conduct review of marketing materials at the draft (pre-release) stage

6. Provide concise summaries of activities at the monthly CAC meetings
7. Assist with projects designed to implement the VCE Outreach and Marketing Plan with emphasis on environmental justice

2021 PROGRAMS TASK GROUP

Members: Marsha Baird (Co-Chair), David Springer (Co-Chair),

VCE Staff: Rebecca Boyles

Charge: The CAC Programs Task Group will assist VCE Staff with planning and implementation of Customer Programs that meet with the VCE Mission and Strategic Plan. Specifically, the Task Group will:

(1) collaborate with staff on 3-year programs plan and annual update;
(2) advise on programs budget strategy for 2021;
(3) review programs and financial mechanisms (such as rebates, incentives, PACE) and make recommendations of options, with special attention to VCE customer segments, such as agriculture and disadvantaged and underserved; and,
(4) provide updates at monthly CAC meetings on issues being reviewed by the task group.

2021 RATE OPTIONS TASK GROUP

Members: Lorenzo Kristov – Chair, Gerry Braun

VCE Staff: Edward Burnham

Charge: Assist staff, consultants, and the Valley Clean Energy Board Subcommittee as requested, when existing or new rate options are being considered and evaluated.

Help staff evaluate the impact of current and potential rate options on VCE customer responses and other energy choices, including Environmental Justice considerations.

Specific Tasks

1. Conduct CAC Rate Options Task Group meetings and expand participation to other interested CAC members or external experts, as needed.
2. Review rate-related financial analysis conducted by staff and consultants and provide staff with input and feedback.
3. Review proposed staff recommendations regarding rate options, including Net Energy Metering, and provide input and feedback.
4. Inform CAC on rate options and analyses reviewed by the Task Group.

2021 CARBON NEUTRAL TASK GROUP

Members: Cynthia Rodriguez – Chair, Gerry Braun. Christine Shewmaker, Lorenzo Kristov

VCE Staff: Gordon Samuel

Charge: Assist staff and consultants in evaluating feasibility and creating a road map for both carbon-neutral and carbon-free-hour-by-hour power by 2030. Strategic plan reference goal 2 and 2.5.

Tasks

- Support VCE staff's timetable for performing and completing this effort
- Assist in input for and evaluation of model development
- Evaluate different types of power that can be included in model
- Consider impacts of plan on future IRP

EJ component – consider importance of some local resources because of impact on local jobs.

Strategic Plan Goals

Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.

- 2.5: Objective: Study and present options for achieving a 100% carbon neutral resource portfolio as well as 100% carbon free resource portfolio (carbon free hour by hour) by 2030.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 10

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Mark Fenstermaker, Pacific Policy Group

SUBJECT: Recommendation to the Board on legislative positions: SB 612 and AB 843

DATE: March 11, 2021

Recommendation

1. Ratify VCE Support SB 612
2. Ratify VCE Support AB 843

Background and Analysis

The 2021 legislative session is in full swing as the February 19th deadline for legislators to introduce bills has passed. A multitude of energy bills were introduced despite the unofficial policy limiting legislators to carry only 12 bills this session. Staff, working with VCE's lobbyist Mark Fenstermaker of Pacific Policy Group and the Community Advisory Committee's Legislative and Regulatory Task Group, have identified nearly 50 bills to review, analyze, and discuss potential positions to recommend to the Board as appropriate.

Two bills VCE have been in discussions on since before the introduction deadline are AB 843 (Aguiar-Curry), a bill sponsored by multiple CCAs, and SB 612 (Portantino), a bill sponsored by CalCCA. Consistent with the Board's legislative policy on time sensitive legislative matters, staff worked with the VCE Board subcommittee to obtain official VCE support for the bill so that VCE's support position can be included in all introduction materials.

Staff is recommending the Board ratify the support positions taken by the Board subcommittee and supported by the Community Advisory Committee on the following two bills:

SB 612 (Portantino). Electrical Corporations. Allocation of Legacy Resources.

Summary: This bill adds new sections to the Public Utilities Code that are designed to ensure fair and equal access to the benefits of legacy resources held in IOU portfolios and management of these resources to maximize value for all customers.

Specifically, the bill will:

1) Provide IOU, CCA, and direct access customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.

2) Require the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.
3) Require IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers to the wholesale market in an annual solicitation.
4) Require each IOU to transparently solicit interest from legacy resource contract holders in renegotiating, buying out, or otherwise reducing costs from these contracts.

This bill is consistent with the VCE Legislative Platform, specifically provisions 4(a) and (c) regarding legislation to increase transparency and stability to PCIA.

Additional Information

- CalCCA is the sponsor of this bill
- Next hearing: The bill has been referred to Senate Energy, Utilities & Communications Committee but has not yet been set for hearing.
- Bill language: SB 612

AB 843 (Aguiar-Curry). California Renewable Portfolio Standard Program: Renewable Feed-in-Tariff.
Summary: This bill authorizes CCAs to voluntarily bring contracts to the CPUC for bioenergy projects procured via the BioMAT feed-in-tariff. The bill would clarify that CCAs are eligible to retain the renewable portfolio standard and resource adequacy benefits of the energy procured under this section.

The BioMAT program was established by SB 1122 (2012, Rubio) and requires the three large IOUs to collectively procure by 2025 250MW of bioenergy across the following three categories (PG&E amounts shown):

1. Category 1: Biogas from wastewater treatment, municipal organic waste diversion, food processing, and co-digestion.
    - 30.5MW for PG&E | 28MW remaining
2. Category 2: Dairy and other agricultural bioenergy.
    - 33.5MW for PG&E | 13.4MW remaining
3. Category 3: Sustainable forest management byproducts bioenergy.
    - 47MW for PG&E | 36MW remaining

The bill will not affect the total amount of megawatts needing to be procured.

This bill is consistent with the VCE Legislative Platform, specifically provision 8(a) to support legislation that expands opportunities to develop renewable energy resources including bioenergy.

Additional Information

- The bill is being co-sponsored by MCE and Pioneer Community Choice Energy.
- Next hearing: The bill has been referred to Assembly Utilities & Communications Committee but has not yet been set for hearing.

- Bill language: AB 843

CAC Recommendation

At its February 25, 2021 meeting the CAC considered the two bills and followed the recommendation of its Legislative/Regulatory Task Group to recommend ratification of the VCE support position.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

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

SUBJECT: New Building Electrification Statement

DATE: March 11, 2021

RECOMMENDATIONS
Staff recommends that the VCE Board approve the following actions by VCE:
1. Adopt a statement supporting and encouraging electrification of new buildings;
2. Share information regarding new building electrification broadly with the member jurisdictions upon request;
3. Join the Building Decarbonization Coalition at the General Level.

PURPOSE
The purpose of this report is to provide background on the electrification of new homes and businesses in order to lower greenhouse gas (GHG) emissions and recommend options for the VCE Board to adopt.

STRATEGIC PLAN
One of the key factors driving the formation of VCE was to address climate change. In addition to providing cost effective low and no carbon electricity, VCE is reinvesting in the region and expanding its toolset for furthering emissions reductions through implementation of local programs. These programs add to VCE's ability to deliver value to the communities it serves.. To this end, VCE has included a goal to advance electrical sector decarbonization in its newly adopted Strategic Plan. New building electrification is one potential tool to help achieve that goal.

Additionally, VCE's recently adopted marketing plan highlights the importance of demonstrating thought leadership within the industry and new building electrification aligns with that objective.

BACKGROUND
Over the past year, the Programs Task Group of the Community Advisory Committee (CAC) has been researching programs for the VCE territory, including local actions that would encourage electrification of homes and businesses. In doing so, the group discovered that converting appliances (retrofitting homes) from gas to electric can be a costly and complicated project for homeowners and businesses, unless they are going through an extensive remodel. Managing retrofit programs can be costly and time consuming as well. In addition, research has been published recently on the negative impact burning natural gas indoors has on air quality and human health. As a more forward looking way to

encourage electrification and lower GHG emissions, the task group also discussed new building electrification policies and actions that can be taken by cities and counties.

At the CAC meeting on December 19, 2020, CAC members Shewmaker and Springer briefly summarized the issue and suggested that the CAC hear a presentation on new building electrification polices that various cities and counties have undertaken at its January CAC meeting. The topic was discussed at the CAC's January and February meetings.

CAC ACTION

At its February 25, 2021 meeting, following discussion of the issues and refining language in the staff recommendation, the CAC voted unanimously to support the staff recommendation; staff incorporated the CAC changes in the recommendation included in this report. Note, staff acknowledges the significant work of CAC members Shoemaker and Springer in bringing this issue and related information to the CAC and Board.

ANALYSIS

The electrification of new buildings is becoming more commonplace in California cities and counties. As of the date of this report, forty-two local jurisdictions have adopted varying levels of new building electrification requirements over the past several years. The benefits and challenges section below provides an overview of some of the main factors that have been identified as jurisdictions have considered this step. While not intended to be an exhaustive list of pros/cons, when considering the independence of the source material, on balance staff believes new building electrification is supported in the research and analysis conducted by the State (CEC) and local jurisdictions that have adopted these types of new building requirements. With regard to two key considerations, staff agrees that the source generation for electricity consumed in the new buildings and cost effectiveness are important factors. On the first issue, VCE is in direct control of the electricity source; and on the second, staff relies on the analysis and conclusions of dozens of cities and counties in various regions of the state finding that new building electrification is cost effective. A sample of key issues and background materials related to staff's general conclusions are offered below.

Note: the focus of this report is on new building electrification and the advantages of building all electric at the outset. Staff (and the CAC), acknowledges the importance and potential benefit of retrofitting the existing building stock in the VCE territory but also recognizes that the resources needed for such a program are not currently available.

BENEFITS OF NEW BUILDING ELECTRIFICATION

- **Reduce CO2 emissions.** According to the California Air Resources Board (CARB), residential and commercial buildings are responsible for 25% of the GHG emissions in CA. These emissions come directly from fossil fuel combustion as well as electricity production for the buildings. Transitioning away from fossil fuel combustion in buildings lowers CO2 emissions.

- **Lower construction cost –** All-electric buildings cost less to build due mainly to eliminating requirements for natural gas infrastructure**.** In their staff report supporting building electrification, Menlo Park estimated savings of $2k to $5k for residential buildings and from $20K to over a million dollars for office, retail, hotels, etc.

Reports generally favorable to the economics of electrification include a 2016 TRC report completed by TRC for Palo Alto, an EPRI report completed for SMUD, a 2018 Energy Commission funded report by Energy and Environmental Economics (E3)[1], a 2018 report by Rocky Mountain Institute, a 2018 report by Synapse for by NRDC, and a 2019 report by E3 sponsored by SMUD, LADWP, and Southern California Edison.

- **Eliminate the need to electrify and decarbonize later.** VCE has the creation of a decarbonization road map in its strategic plan. The most efficient building decarbonization retrofit is one that does not need to happen.

- **Better indoor air quality.** Studies by medical professionals have correlated exposure to NO_2 with respiratory illness such as asthma, particularly in children. Lawrence Berkeley National Lab has studied exposure to NO_2, micro-particulates (PM2.5), and other pollutants produced by inadequately vented ranges. In response, the Statewide Codes and Standards Team is proposing Title 24 requirements for 2022 that will apply a new American Society of Testing and Materials (ASTM) standard and require minimum capture efficiencies for residential range hoods, with higher capture efficiencies (or exhaust airflows) required for gas ranges than electric ranges (cooking on an electric range still produces PM2.5 and harmful gases).

  Safer buildings –The presence of gas appliances in homes and businesses increases the risk of methane leaks, inadequate venting of combustion gases, fires and explosions. The California Mechanical Code still allows gas appliances to be located indoors and to use indoor air to support combustion. High volume exhaust fans, for example whole house fans and kitchen range hoods can cause backdrafting of flues with the risk of carbon monoxide poisoning or even fire. While this practice is uncommon in new homes the risk is prevented outright in all-electric residences.

CHALLENGES OF NEW BUILDING ELECTRIFICATION

There have been multiple reports on the costs and impacts of electrification, some favorable and some not. Here are several reports completed between 2016 and 2019 by different firms and with different sponsoring organizations.

- A 2018 American Gas Association study by ICF concluded that reduction in emissions from the residential sector would be offset by increased emissions from the power generation sector, “even in a case where all incremental generating capacity is renewable.” This report projected policy-driven electrification would increase average residential costs, including amortized costs for upgrades and utility bills, by 38 to 46 percent, and that the cost of GHG reduction would range from $572 to $806 per metric ton, significantly higher than the cost of other GHG reduction options.

[1] California Energy Commission Docket Number 18-IEPR-09, TN #223785

- The California Building Industry Association sponsored a 2018 study by Navigant[2] focused on existing homes and stated that appliance electrification in 2020 may increase homeowner bills from $50 to $387 per year. If spread over a 15-year period, existing single-family homeowners would experience a combined annual cost increase of $236 to $1,302 if infrastructure upgrades are required, and -$119 to $922 of they are not required.

LOCAL JURISDICTION ACTIONS

Forty-two different California municipalities and counties have [taken action on building electrification.]() These actions vary and are described below. These local jurisdictions represent 13 counties – Alameda (6), Contra Costa (1), Los Angeles (1), Marin (3), San Diego (1), San Francisco (1), San Luis Obispo (1), San Mateo (10), Santa Clara (12), Santa Cruz (1), Sonoma (3), Ventura (1), Yolo (1) - and at least 10% of the population of California (10% was calculated prior to Oakland taking action). Of the 42, 38 are served by CCAs or will be and four are served by city run utilities. Population size in these 42 jurisdictions varies: two have populations from 900K to one million, two range from 5K to 7k and there are many in-between.

The actions taken by these 42 jurisdictions fall into three basic sub types. These are:

- **Electric Preferred**. The most common approach is to adopt an Energy Commission approved "Reach Code" that allows mixed fuel buildings to be constructed under certain conditions. For example, they may be required to meet a higher efficiency standard, and/or may be required to provide adequate electrical capacity and pre-wiring to facilitate future conversion to electricity for water heating, space conditioning, cooking, and clothes drying, and/or to provide wiring for EV chargers. Higher permit fees may also be required. Energy efficiency improvements for mixed fuel buildings are typically implemented by requiring buildings to meet some marginal improvement in the Energy Design Rating (EDR), thus exceeding the minimum efficiency required by Title 24 Energy Standards. The higher the EDR margin, the greater the increase in energy efficiency. This rating is calculated using CEC approved software that is used to demonstrate compliance with energy standards by builders.

- **All Electric Required**. Adopted Reach Codes may require buildings to be constructed that meet all energy needs using electricity, and include exceptions that allow mixed fuel in some limited cases.

- **Natural Gas Ban**. Rather than require electricity, some are taking the approach to ban natural gas hook ups in new construction. This approach uses local ordinances rather than reach codes.

Within each sub type above there can be variations on types of buildings covered, residential or non-residential, low-rise or high-rise, etc. Over half of the 42 jurisdictions have chosen the all-electric approach.

[2] California Energy Commission Docket Number 18-IEPR-09, TN #224761

As noted, the first two approaches involve Reach Codes. Reach Codes go beyond the state mandated Title 24 energy codes for building performance, must be shown to be cost-effective, and after passage by cities or counties require approval by the Energy Commission. Many of the REACH codes adopted to date have been approved by the CEC.

The “all electric required” or “natural gas ban” approaches also result in electrification of new buildings. A primary administrative difference is that a gas hookup ban does not require Energy Commission approval and is triggered on project approval, for example in entitlements and development agreements. All-electric reach codes are subject to CEC approval and are triggered by the building permit. Some municipalities, for example Berkeley and San Francisco, enacted gas bans but also adopted electric-preferred reach codes to address different building types.

The table below shows some examples of these 3 approaches by a sampling of the jurisdictions (Note - three categories above are also those listed by the PVE/SVCE/San Mateo OOS website mentioned below).

THREE BASIC APPROACHES TO ELECTRIFICATION OF NEW BUILDINGS

Type	Municipality	Approach Details
Electric Preferred	Davis	New residential buildings that use mixed fuel need to have a Total EDR compliance margin of 9.5 for single family 10.0 for low-rise multifamily dwellings and provide pre-wiring for heat pump heating/cooling, water heating and electric ranges & ovens. All electric dwellings are exempt.
	San Luis Obispo	Similar to Davis except mixed fuel buildings must have an EDR margin of 9.0 for single family and 9.5 for multifamily. Mixed fuel non-residential buildings must also meet a higher performance standard with some exceptions such as commercial kitchens and public health uses. Offer technical support to builders who opt for all-electric construction.
All-Electric	Palo Alto	Residential buildings are required to be all-electric. Non-residential buildings may be mixed fuel but must meet a higher performance standard and be electrification ready. This is step towards stated goal of all electric in new construction by 2022. Will revisit in 2022.
	Oakland	All New Buildings to be all-electric. Also prohibits going from all electric to mixed fuel. Exemptions for ADUs and projects under prior development agreements.
	Menlo Park	Single family and low-rise multi-family residential to be all electric, with exceptions for stoves & fireplaces but prewiring must be provided. Nonresidential and high-rise to be all electric. Exceptions may be granted on appeal with third party verification.
	Redwood City	Requires all electric new buildings with exceptions for OSHPD regulated facilities, laboratories, and commercial kitchens. Residential buildings that are 100% affordable and ADUs are exempted.

Natural Gas Ban	Berkeley	No buildings built after January 2020 may be served by natural gas. Exceptions allowed where this is not physically feasible, or energy code compliance cannot be achieved, but these buildings must be provided with sufficient electrical capacity and wiring to be all-electric.
	San Jose	In November 2020 updated a previous ordinance (10/19) that banned natural gas hook ups in new single family and low-rise multi-family units to cover all new buildings. Exceptions for hospitals, ADUs, and facilities with a distributed energy resource,
	Morgan Hill	Buildings permitted after March 1, 2020 must be all-electric. Bans natural gas hook ups in new buildings with some exemptions for feasibility and public interest.

A full list of the actions taken can be found at the buildingdecarb.org website: **https://www.buildingdecarb.org/uploads/3/0/7/3/30734489/activecodematrix12-22.pdf** - and is attached (Attachment A). Some measures also include solar and EV charging.

CCAs ENCOURAGING ELECTRIFICATION

- MBCP (3CE)
  - Offering reach codes incentives (15K) to cities in service area and grants for developers of all electric multi-unit dwellings.
- SVCE
  - Has web page on advantages of all electric buildings
  - In their decarbonizaton roadmap they list encouraging reach codes for electricity in new buildings by member cities as a major approach (page19)
- PCE
  - Has award programs for design of all electric commercial and residential buildings. The top award for commercial will be 3K and that for residential with be 1K. All awardees will be featured on PCE website and social media.
  - Has a web page to defining REACH codes

- Coalition of PCE, SVCE and San Mateo Office of sustainability has coalition on all electric new buildings
  - Lists three basic approaches
    - Electric preferred Energy Code Ordinance
    - All- Electric Code Ordinance
    - Natural Gas Ban Ordinance
  - Have grants of $10K to municipalities to help establish REACH codes (separate form for PCE and SVCE cities)
  - Supporting information and resources such as example ordnances for all three types above. Note, that for the first two types, the example ordnances are climate zone specific.

FURTHER ACTIONS BY OTHER MUNICIPALITIES

- The number of municipalities that have taken action is now 42. Albany CA in Alameda County has now adopted electric-preferred Reach Codes. San Carlos CA in San Mateo County has adopted REACH code that specify all new construction to be all electric with some exceptions. Both of these cities are served by CCAs.

- On January 12, 2021 the "Santa Barbara city council directed staff to return with reach codes requiring all electric new construction".

UTILITY POSITIONS

- Supported by PGE
- Supported by SMUD and CalCCA and SoCal Edison
- Opposed by So Cal Gas
- Many utilities as well as CCAs are members of the Building Decarbonization Coalition which works to promote all-electric buildings

SMUD, LADWP, and Southern California Edison joined forces to support an economic study of housing electrification costs and benefits.

CONCLUSION

Staff is recommending that the Board support the following actions by VCE: (1) adoption of a statement supporting and encouraging electrification of new buildings, (2) sharing information regarding new building electrification broadly with the member jurisdictions upon request, and (3) joining the Building Decarbonization Coalition join (buildingdecarb.org) at the General level (free to gov't organizations).

In addition, Staff and the CAC suggest future consideration of:

1. A webpage with general information on new building electrification; depending on member jurisdiction needs.
2. Incentives (reimbursements) to member jurisdictions that adopt new ordinances relating to new building electrification.
3. Sponsorship of a recognition program for both new residential and commercial all-electric projects in the VCE territory. Provide publication of the awardees on VCE website and social media. Also consider small bill credit awards.

ATTACHMENTS

1. Approved Zero Emission Building Codes in California as of 12/22/2020
2. Recent California Energy Commission Electrification Initiatives

Attachment 1

Approved Zero Emission Building Codes in California
as of 12/22/2020

Jurisdiction	Approach			Systems			Buildling Types								Add-Ons	
	Natural Gas Infrastructure Moratorium	All-Electric Reach	Electric-Preferred	Whole Building	Water Heating	Space Heating	Low Rise Residential	City-Owned Properties	High Rise Residential	Hotel	Retail	Office	Restaurant	Life Sciences	Additional Solar	Electric Vehicles
Alameda	X			X				X								
Berkeley**	X		X	X			X	X	X	X	X	X	X	X	X	X
Brisbane		X			X	X	X	X	X	X	X	X	X			X
Burlingame		X		X	X	X	X	X	X	X	X	X		X		X
Campbell		X			X	X	X									X
Carlsbad	X	X			X		X								X	X
Cupertino*		X		X			X	X	X	X	X	X	X			X
Davis			X	X			X									
East Palo Alto		X		X			X	X	X	X	X	X		X		X
Hayward		X	X	X			X	X	X	X	X	X	X	X	X	X
Healdsburg		X			X	X	X	X	X	X	X	X	X	X		
Los Altos*		X		X	X	X	X	X	X	X	X	X				X
Los Altos Hills		X			X	X	X	X	X	X	X	X	X			
Los Gatos		X		X			X									X
Marin County			X	X			X	X	X	X	X	X	X	X		X
Menlo Park*		X			X	X	X	X	X	X	X	X	X		X	X
Millbrae		X			X	X	X	X	X	X	X	X	X	X		X
Mill Valley			X	X			X		X							X
Milpitas			X	X			X	X	X	X	X	X	X	X		X
Morgan Hill	X			X			X	X	X	X	X	X	X	X		
Mountain View*		X		X			X	X	X	X	X	X	X		X	X
Oakland		X		X			X	X	X	X	X	X	X	X		
Ojai		X		X			X	X	X	X	X	X		X		
Pacifica		X			X	X	X	X	X	X	X	X	X		X	X
Palo Alto*		X	X	X			X	X	X	X	X	X	X	X		X
Piedmont		X		X			X								X	
Redwood City*		X		X			X	X	X	X	X	X				X
Richmond		X		X	X	X	X	X	X	X	X	X				X
San Anselmo			X	X			X	X	X	X	X	X	X	X		
San Francisco**	X		X	X			X	X	X	X	X	X	X	X	X	X
San Jose**	X			X			X	X	X	X	X	X	X	X	X	X
San Luis Obispo			X	X			X	X	X	X	X	X	X	X	X	

San Mateo**		X		X			X		X			X			X	X
San Mateo County		X		X			X	X	X	X	X	X	X			X
Santa Cruz	X			X			X	X	X	X	X	X		X		
Santa Monica			X	X			X	X	X	X	X	X	X	X	X	X
Santa Rosa		X		X			X									
Saratoga		X			X	X	X	X	X	X	X	X	X	X		X
Sunnyvale*		X		X			X	X	X	X	X	X	X	X		X
Windsor		X		X			X									

BUILDING DECARBONIZATION COALITION

* Council went beyond staff recommendation
** Multiple ordinances passed to strengthen/expand scope

Attachment 2

RECENT CALIFORNIA ENERGY COMMISSION ELECTRIFICATION INITIATIVES

Activities underway at the Energy Commission anticipate meeting the 2030 40% GHG reduction goal by developing energy standards and funding research that promote electrification. In time these will eclipse electrification reach codes and other local initiatives.

The Energy Commission Standards Office is taking actions that favor electrification in the 2022 Title 24, Part 6 (Energy Efficiency Standards). The staff workshop on Decarbonization held on January 26^{th} spelled out the changes that will be in force in January 2023. For this current code cycle the Energy Commission made a commitment to the building industry not to increase stringency for low-rise residential buddings. However, they determined that it was cost-effective to establish baselines (or the "Standard Design") for heat pump water heaters in Climate Zones 1, 2,11, 12, and 16, and heat pump space heating in Climate Zones 3-10 and 13-15. Yolo County is in Climate Zone 12. What this means is, when compliance calculations are performed using approved software (such as CBECC-Res or EnergyPro) heat pumps will be compared to a reference case that also includes heat pumps. Previously, heat pumps could be penalized (use more energy use) when the base case is mixed fuel. Also, new All-Electric Ready requirements for single family homes will include:

1. Subpanel with connection to the main panel of at least 225A, or 320A main panels
2. Identification of at least 4 branch circuits for emergency use
3. "Transfer switch ready"
4. 240V, 30A circuits within 3 feet of air handler and clothes dryer
5. 240V, 50A circuit to within 3 feet of combined cooktop/oven

In the buildings sector a current Energy Commission "EPIC" solicitation targets affordable mixed-use, zero emissions developments. In the natural gas sector, the Energy Efficiency Commission is funding research to develop strategies to achieve carbon neutrality and to decommission portions of the in the natural gas infrastructure. In the transportation sector they are funding projects to support zero emissions vehicles, fleet electrification, and EV Ready communities.

The Energy Commission also provides tools for development of reach codes. In addition to developing code change proposals under Title 24, Part 6, the Statewide Utility Codes and Standards teams are supported by the investor-owned utilities to develop reach standards under Title 24 Part 11 (the Green Building Code).

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 12

TO: Board of Directors

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

SUBJECT: Valley Clean Energy customer rates effective March 2021

DATE: March 11, 2021

Recommendation
Adopt Valley Clean Energy customer rates effective March 2021 to match Pacific Gas & Electric's generation rates.

Background and Analysis
In November 2018, the Board adopted a resolution to match PG&E generation rates less the Power Charge Indifference Adjustment (PCIA) and franchise fee. In July 2019, in the event PG&E's generation rates change during the year, the Board authorized the Interim General Manager to approve any new rates identical to PG&E's generation rate for that new tariff, net of PCIA and Franchise Fees. In January 2021, consistent with this authorization, the Interim General Manager approved a de-minimis adjustment to VCE rates to maintain rate parity with PG&E. The Board ratified this adjustment at its February meeting. Note: Following VCE rate adjustments, updated rates are posted to the VCE website - typically within one week.

Since VCE's launch in 2018, PG&E typically implements its primary rate changes near the end of the first quarter of each year following CA Public Utilities Commission (CPUC) decisions on IOU rate setting and PCIA late each calendar year. PG&E's rate and PCIA changes took effect on March 1, 2021. The net effect of PG&E's average generation rate change (+2.8%) and PCIA increase requires VCE to reduce its average rate by approximately 1.4% to maintain rate parity.

This VCE rate change is consistent with the budgeted forecast for FY 2020/21 that incorporated this level of rate and associated revenue reduction. Therefore, staff does not expect these changes to have unanticipated adverse financial impacts on VCE. Staff will continue to monitor regulatory, structural, and pricing changes related to the PCIA and Resource Adequacy that could have future impacts on VCE. These factors will be incorporated into the analysis of the preliminary draft FY 21/22 budget that will be brought to the Board for initial review in April.

Conclusion
Consistent with VCE's rate policy and the factors outlined above, staff recommends approval of VCE's 2021 rate changes effective March 1, 2021.