Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, April 11, 2019 at 5:30 p.m.
City of Davis Community Chambers
23 Russell Boulevard, Davis, CA 95616

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@valleycleanenergy.org.

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Board Members: Tom Stallard (Chair/City of Woodland), Gary Sandy (Vice Chair/Yolo County), Angel Barajas (City of Woodland), Don Saylor (Yolo County), Lucas Frerichs (City of Davis), and Dan Carson (City of Davis)

5:30 p.m. Call to Order

1. **Welcome and Roll Call**
2. **Approval of Agenda**
3. **Public Comment:** This item is reserved for persons wishing to address the Board on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

CLOSED SESSION

4. **Conference with Legal Counsel – Existing Litigation**
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-300889(DM)

CONSENT AGENDA

5. **Approval of draft March 14, 2019 Board Meeting Minutes.**
6. **Receive 2019 Long Range Calendar.**
7. **Receive Financial Update – February 28, 2019 (unaudited) financial statement.**

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8. **Receive April 4, 2019 Regulatory Update provided by Keyes & Fox.**
9. **Receive April 4, 2019 Customer Enrollment Update and Monthly Call Center Report as of March 24, 2019.**
10. **Receive Community Advisory Committee's March 28, 2019 Meeting Summary.**
11. **Receive copy of signed Amendment 7 to Task Order 4 (operational services) of the Sacramento Municipal Utilities District (SMUD) Master Professional Services Agreement extending the termination date of operational staff from February 28, 2019 to June 30, 2019.**
12. **Approve the following Amendments to the Sacramento Municipal Utilities District (SMUD) Master Professional Services Agreement:**
    A) Amendment 8 to Task Order 4 (operational services) 1) extending dedicated operational staff and the Power Director through June 30, 2020, 2) replacing sub-section 4.2.1 term and termination notification, and 3) increasing the fixed fee for operational staff effective July 1, 2019;
    B) Amendment 9 to Task Order 3 (wholesale energy services) 2020 update to VCEA's Integrated Resource Plan, including deliverables, and compensation for services; and,
    C) Amendment 10 to Task Order 2 (data management and call center services) changing invoicing methodologies.
13. **Approve the extension of the River City Bank revolving line of credit for six (6) months.**
14. **Receive an informational report on the reimbursable Staffing expenses from Member Agencies in accordance with each Agency's Cooperation and Administrative Services Agreement with Valley Clean Energy.**

REGULAR AGENDA

15. **Provide update to Valley Clean Energy Board regarding the California Public Utilities Commission's Decision on Energy Resource Recovery Account, including Power Charge Indifference Adjustment. (Informational)**
16. **Review Long-Term Renewable Solicitation Short List results and pending recommendation to Board (for later approval) to continue long-term renewable procurement efforts beyond the initial effort with a focus on local renewable resources. (Informational)**
17. **Receive Long-Term Load Forecast to be submitted to the California Energy Commission as a part of the Biannual 2019 Integrated Energy Planning Report. (Informational)**
18. **Board Member and Staff Announcements:** Action items and reports from member of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

    The next VCEA Board meeting is scheduled for Thursday, May 9, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, 2nd Floor, 300 1st Street, Woodland, CA 95695.

19. **Adjournment:** Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. VCEA public records are available for inspection by contacting Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. Agendas and Board meeting materials can be inspected at VCEA's offices located at 604 Second Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. The documents are also available on the Valley Clean Energy website located at: https://valleycleanenergy.org/about-us/meetings/

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Valley Clean Energy Alliance Board of Directors

FROM: Alisa Lembke, VCEA Board Clerk/Administrative Analyst

SUBJECT: Approval of Minutes from March 14, 2019 Board Meeting

DATE: April 11, 2019

RECOMMENDATION

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

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
WEDNESDAY, MARCH 14, 2019

The Board of Directors of the Valley Clean Energy Alliance duly noticed their meeting scheduled for Thursday, March 14, 2019 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 1st Street, Woodland, California 95695. Chairperson Tom Stallard established that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present:	Tom Stallard, Gary Sandy, Lucas Frerichs, Angel Barajas (departed at 6:13 p.m.), Don Saylor, Dan Carson
Members Absent:	

Approval of Agenda	Director Frerichs made a motion to approve the March 14, 2019 Agenda, seconded by Director Saylor. Motion passed unanimously.
Public Comment	Chairperson Stallard opened the floor for public comment. There being none, he moved on to the next item.
CLOSED SESSION: Conference with Legal Counsel – Anticipated Litigation	Interim General Manager Mitch Sears informed the Board that there was no need for a closed session. Chairperson Stallard informed those present that the Board would not be going into closed session and moved on to the Consent Agenda.
Approval of Consent Agenda	Chairperson Stallard asked the Board if they had any Consent items they would like pulled to the Regular Agenda. There being none, Director Barajas made a motion to approve the Consent Agenda, seconded by Director Frerichs. Motion passed unanimously.
Approval of Minutes from January 23, 2019 Board Meeting	Director Barajas made a motion to approve the January 23, 2019 meeting minutes, seconded by Director Frerichs. Motion passed unanimously.
Receive 2019 Long Range Calendar	Director Barajas made a motion to receive the 2019 Long Range calendar, seconded by Director Frerichs. Motion passed unanimously.
Receive Financial Update – December 31, 2018 and January 31, 2019 (unaudited)	Director Barajas made a motion to receive the financial update – December 31, 2018 and January 31, 2019 (unaudited) financial statements, seconded by Director Frerichs. Motion passed unanimously.

financial statements	
Receive Keyes & Fox March 2019 Regulatory Update	Director Barajas made a motion to receive the regulatory monitoring report dated March 7, 2019 prepared by Keyes & Fox, seconded by Director Frerichs. Motion passed unanimously.
Receive Customer Enrollment Update and Monthly Call Center Report	Director Barajas made a motion to receive the Customer Enrollment update as of March 6, 2019 and Monthly Call Center Report as of February 24, 2019, seconded by Director Frerichs. Motion passed unanimously.
Receive Community Advisory Committee's Meeting Summaries	Director Barajas made a motion to receive the Community Advisory Committee's January 24, 2019 and February 28, 2019 meeting summaries, seconded by Director Frerichs. Motion passed unanimously.
Adoption of Resolution authorizing Board to Disclose Information to Member Agencies / Resolution 2019-003	Director Barajas made a motion to approve a resolution titled "Resolution adopting a policy concerning closed sessions pursuant to Government Code Section 54956.96 for the Board of Directors of the Valley Clean Energy Alliance (VCEA)", seconded by Director Frerichs. Motion passed unanimously.
Update and Request Extension of Peak Day Pricing Pilot Program	Director Barajas made a motion to receive and extend the Peak Day Pricing pilot program, seconded by Director Frerichs. Motion passed unanimously.
Receive UltraGreen Costs and Benefits Information to Local Government	Director Barajas made a motion to receive the UltraGreen (100% Renewables) costs and benefits to local governments, seconded by Director Frerichs. Motion passed unanimously.
Update on CPUC's Decision on Energy Resource Recovery Account, including Power Charge Indifference Adjustment (Informational)	VCE Interim General Manager Mitch Sears provided an update to those present on the California Public Utility Commission's decision on group rates for 2019, the inclusion of brown true costs in their decision, and AET rates. Chairperson Stallard opened the floor for Board questions and comments, then to the public. There being none, the Board moved on to the next item.

Review and Provide Feedback on Preliminary Draft Fiscal Year 2019/2020 Operating Budget

VCE Staff Lisa Limcaco reviewed the draft fiscal year (FY) 2019/2020 operating budget, including review of the background of FY2018/2019 operating budget; FY2018/2019 actuals and forecast; assumptions on electric revenue, power costs/mix, and FY2018/2019 other operating costs; and, FY2019/2020 preliminary operating budget.

Chairperson Stallard opened the floor for Board questions and comments. Items discussed were marketing costs and what is done with revenue over the 5% margin. Lastly, Ms. Limcaco informed the Board that a final recommended operating budget would include PG&E generation rates and PICA exit fees and Staff would seek Board approval at their May or June meeting, depending on when the PCIA rates come out. Chairperson Stallard opened the floor for public comment. There being none, the Board moved on to the next item.

Receive and Provide Feedback on draft approach of the new Rate Structure / Dividend Guidelines

Mr. Sears introduced this item. Ms. Limcaco informed those present that she has been working with the Community Advisory Committee Rates and Services Task Group on the best possible approach of a new rate structure / dividend program and the composition of draft guidelines. Ms. Limcaco reviewed the background, key considerations, rate design impacts on customer opt-outs, minimum net margin, cash reserves, allocation of net margin, and draft dividend program guidelines.

A discussion occurred regarding items such as, what was Monterey's experience with implementing their dividend program, setting a threshold amount, looking at cost/ benefit analysis of such a program, the importance of being transparent, focusing on communicating with the customers on VCE's goals and alignment with customer values, and, lastly, pursuing a variety of options of what a customer can do with their dividend. Chairperson opened the floor for public comment, there being none, the Board moved on to the next item.

Director Barajas left the Board meeting at 6:13 p.m.

Receive Information on the Residential Time of Use Rate Classes (Informational)

Mr. Sears introduced this item. VCE Staff Jim Parks provided an overview of PG&E's residential time of use rate classes. Mr. Parks informed the Board that PG&E has offered to come speak with them at a future Board meeting. He also informed those present that the residential time of use rates will be presented to the Community Advisory Committee for their review and input. Chairperson Stallard opened the floor for questions and comments. Several questions were asked and comments were made. discussed and made. Mr. Parks informed those present that VCE is not required to have residential time of use rates and can set our own time period, days of the week and rates if the Board so chooses. The objective is that the time of use rates are revenue neutral to spread the energy demand. Mr. Parks informed the Board, that a decision needs to be made by October 2019, with a roll out date for VCE in February 2021. In addition, notifications will have to be sent out either as a joint mailer with PG&E or by VCE only.

Mr. Parks also informed those present that there is a bill protection component the residential time of use rates that is being offered by PG&E, with VCE's discretion to offer the protection or not, should VCE participate in the Time of Use program. Mr. Parks reiterated that the California Public Utilities Commission has made it a requirement that the IOUs have a Time of Use Program along with a one (1) year bill protection. Chairperson Stallard asked if the Board had any other questions or comments. Comments were made that if VCE decides to have residential Time of Use Rates that VCE Staff be cognizant of the number of communications that are sent to the customer and to look to SMUD's model on their roll out of residential Time of Use. Chairperson Stallard asked if there were any public comments. There being none, the Board moved on to the next item the next item on the agenda

Review and Approve Updated Valley Clean Energy Strategic Marketing & Communications Plan	Mr. Sears introduced this item. VCE Staff Jim Parks briefly reviewed the highlights of the updated plan. Chairperson Stallard asked if the Board had any questions or comments. Various questions and comments were made, such as: focusing on VCE's values and stability; the need for different marketing efforts for the different segments of customers; the importance of keeping the VCE website up to date with information and news; and, including goals/objectives that can be measured. Mr. Parks informed those present that the Plan is a long-term big picture plan and that Staff, Green Ideals and the Outreach Task Group are currently putting together the strategic plan, which is more of the nuts and bolts of how to achieve Plan objectives. Chairperson Stallard opened the floor to public comment. No public comments were made.

Director Frerichs made a motion to approve the updated Valley Clean Energy Strategic Marketing & Communications Plan, seconded by Director Saylor. Motion passed unanimously by the following vote:

AYES: Stallard, Sandy, Frerichs, Carson, Saylor
NOES: None
ABSENT: Barajas
ABSTAIN: None

Board Member and Staff Announcements	Mr. Sears informed those present that CalCCA is establishing a footprint in Sacramento and in California. They recently hired regulatory and legislative personnel; are concentrating on strategic initiatives; and, have established a

lobbying day on Wednesday, April 3rd. Mr. Sears will send out the invite to the Board Members. Other news: PG&E was found to be liable for the fire in southern California; the Bankruptcy Judge made decisions on the first day motions that were not adverse to CCAs; and, other CCAs have more exposure since they contracted with PG&E, but VCE and others have not. He also reported that the PG&E bankruptcy is proceeding as anticipated. PG&E's bankruptcy is being discussed in multiple venues: Senate, Assembly and Governor's office, with CalCCA invited to participate.

Mr. Sears informed those present that VCE will have a table at the Yolo Interfaith Alliance for Climate Justice Climate Conference on March 16th from 1-4 p.m. at the United Methodist Church of Davis. In addition, VCE is serving in a role representing CCAs and have been invited to attend the City of Stockton Board meeting scheduled for next week where VCE will be presenting information to them.

Board announcements: Director Carson announced that along with Director Frerichs as Members of the Legislative Subcommittee, put forth a Declaration to the City of Davis Council on March 5th. This Declaration was approved declaring a climate emergency and proposing to mobilize efforts to restore a safe climate.

Director Saylor informed those present that the Yolo County staff about six (6) months ago, established a Green Team – Sustainable Yolo and are currently planning their day to day operations.

Resident Dan Berman commented that he saw an IBEW 1245 flyer that mentioned the possibility of several claims committees forming regarding PG&E's bankruptcy. He suggested that Staff or the Board attend these committee meetings. There were no other public comments made.

Adjournment

Chairperson Stallard adjourned the meeting to the next regular meeting scheduled for Thursday, April 11, 2019 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Blvd., Davis.

Meeting was adjourned at 7:03 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting

Staff Report – Item 6

TO: VCEA Board

FROM: Mitch Sears, Interim General Manager

SUBJECT: Long Range Calendar 2019

DATE: April 11, 2019

Recommendation

Please find attached the Board and Community Advisory Committee long-range calendar for 2019.

VALLEY CLEAN ENERGY

2019 Meeting Dates and *Proposed* Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
~~January 10, 2019~~ January 23, 2019	**Board** WOODLAND	Special Meeting scheduled for ***Wednesday*, January 23rd**, at 5:30 p.m. at **Yolo County Board of Supervisors Chambers**, Woodland • Procurement Authority / Procure Energy for 2020 • Schedule of New Rate Structure / Rebate Program	• Action • Informational
January 24, 2019	**Advisory Committee** WOODLAND	Thursday, January 24th at City of Woodland Council Chambers, Woodland • Preliminary Discussion on New Rate Structure / Rebate Program (Dividend)	• Discussion / Formation of Task Group / timeline
February 14, 2019	**Board** DAVIS	• ERRA/PCIA/PG&E	• Discussion
February 28, 2019	**Advisory Committee** DAVIS	• New Rate Structure / Dividend Program – Draft Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Updated Outreach Plan / Videoconference with Green Ideals (marketing and outreach) • Task Groups – Present Tasks/Projects • Update on Regulatory Assistance Project	• Action: Draft Recommendation • Informational • Action: Approve plan / Introduction to Green Ideals • Informational • Informational
March 14, 2019	**Board** WOODLAND	• Preliminary FY19/20 Operating Budget (Regular) • New Rate Structure / Dividend Program – Review Preliminary Recommendation and Staff Report	• Review • Review and provide feedback
March 28, 2019	**Advisory Committee** WOODLAND	• New Rate Structure / Dividend Program – Finalize Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Time of Use Rate Classes • Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report	• Action: Finalize Recommendation to Board • Discussion • Discussion • Information

		• Long Term Renewable Solicitation Short List • Ideas of Possible Local Programs	• Information • Information/Discussion
April 11, 2019	**Board** DAVIS	• Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report • Long Term Renewable Solicitation Short List	• Information • Information
April 25, 2019	**Advisory Committee** DAVIS	• Net Energy Metering (NEM) Enrollment – Reassessment – Finalize Report and Recommendation • Residential Time of Use Rate Classes • New Rate Structure / Dividend Program – Finalize Report and Recommendation • Possible Local Programs	• Action: Finalize • Discussion • Action: Finalize • Information
May 9, 2019	**Board** WOODLAND	• Net Energy Metering (NEM) Enrollment Reassessment Report • Residential Time of Use Rate Classes (PG&E Presentation) • New Rate Structure / Dividend Program	• Action • Informational • Action: Approve
May 23, 2019	**Advisory Committee** WOODLAND	• Residential Time of Use Rate Classes	• Discussion
June 13, 2019	**Board** DAVIS	• Final Approval of FY19/20 Operating Budget	• Approval
June 27, 2019	**Advisory Committee** DAVIS	• Residential Time of Use Rate Classes • Local Resource Development	• Discussion • Discussion
July 11, 2019	**Board** WOODLAND	•	•
July 25, 2019	**Advisory Committee** WOODLAND	• Residential Time of Use Rate Classes (Draft Report) • Local Resource Development	• Discussion • Discussion
August 8, 2019	**Board** DAVIS	•	•
August 22, 2019	**Advisory Committee** DAVIS	• Residential Time of Use Rate Classes – Finalize Report and Recommendation • Local Resource Development • Revised Procurement Guide – Review	• Action: Finalize • Discussion • Discussion
September 12, 2019	**Board** WOODLAND	• Residential Time of Use Rate Classes Report	• Action

September 26, 2019	**Advisory Committee** WOODLAND	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Review Draft Recommendation	• Discussion • Discussion
October 10, 2019	**Board** DAVIS	• Approval of FY18/19 Audited Financial Statements (James Marta & Co.) • Update on Integrated Resource Plan	• Action • Information
October 24, 2019	**Advisory Committee** DAVIS	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide- Review Draft Recommendation • Update on Integrated Resource Plan	• Discussion • Discussion • Information
November 14, 2019	**Board** WOODLAND	•	•
~~November 28, 2019~~ **Thanksgiving Holiday – need to reschedule**	**Advisory Committee** WOODLAND	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Finalize Recommendation to Board	• Discussion • Action: Recommendation to Board
December 12, 2019	**Board** DAVIS	• Election of Officers for 2020	• Nominations
December 26, 2019 **Need to reschedule**	**Advisory Committee** DAVIS	• Election of Officers for 2020 • Finalization of Committee Calendar Year End Report	• Nominations • Approve Report
January 9, 2020	**Board** WOODLAND	• Receive CAC Calendar Year End Report • Approve Revised Procurement Guide	• Receive Report • Action
January 23, 2020	**Advisory Committee** WOODLAND	•	•

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Financial Update – February 28, 2019 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 2019

DATE: April 11, 2019

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of February 1, 2019 to February 28, 2019 (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 2019.

BACKGROUND & DISCUSSION:
The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending February 28, 2019.

<u>Financial Statements for the period February 1, 2019 – February 28, 2019</u>
In the Statement of Net Position, VCEA as of February 28, 2019 has a total of $5,185,116 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $426,215 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of February 28, 2019 $747,444 and $1,335,440 respectively for a grand total of $2,082,884. VCEA began paying SMUD for the monthly operating expenditures (starting with November 2018 expenditures) and repayment of the deferred amount of

$1,522,433 over a 24-month period. The outstanding line of credit balance with River City Bank at February 28, 2019 totaled $1,976,610. At February 28, 2019, VCE's net position is $3,123,654.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $2,856,606 of revenue (net of allowance for doubtful accounts) of which $2,641,262 was billed in February and $219,903 represent estimated unbilled revenue (net January and February. The cost of the electricity for the February revenue totaled $1,926,445, which is lower than January 2019 due to timing of CAISO fees (credits). For February, VCEA's gross margin is approximately 32.56% and operating income totaled $628,835, mainly due to the estimate of unbilled revenues are based on average usage for the month and not actual usage therefore impacting the calculation of revenues when the wholesale load drops substantially from month-to-month.

In the Statement of Cash Flows, VCEA cash flows from operations was ($64,009) due to operating expenses exceeded the February cash receipts of revenues.

<u>Actual vs. Budget Variances for the year to date ending February 28, 2019</u>
Below are the financial statement line items with variances >$25,000 and 5%:

Electric revenues - ($2,374,348) and (7%) - actual electric revenues are down from budget due to the mild summer weather which led to lower retail customer usage than forecasted load and the deferral of NEM customers until 2020.

Purchased Power – ($2,293,074) and (8%) – due to customer load is down due to decrease in electric revenues and deferral of NEM customers until 2020.

Labor & Benefits – ($262,145) and (29%) – the decrease is due to the budgeted Assistant general manager (AGM) position has not been filled. Beginning September 2018, SMUD's Task Order 4 was amended to have SMUD provide proxy AGM services which is included in Contract Labor.

CalCCA dues – ($35,256) and (35%) - the decrease is due to CalCCA billing on a quarterly basis, but our budget has it as a one-time annual expense in February 2019.

SMUD – Credit Support – ($46,396) and (11%) –due to the contracted amount is based on wholesale load which is down as explained in Purchased power explanation above.

SMUD – Wholesale Energy Services - $32,565 and 9% - due to additional costs related to LT renewable procurement and other services.

SMUD – Call Center – ($28,844) and (6%) – due to lower retail customers from the deferral of NEM customers.

Legislative/Regulatory – ($67,690) and (42%) – the decrease is due to no legislative expenditures incurred until February 2019 when VCE contracted for lobbying services.

Accounting Services – ($50,780) and (87%) – due to Yolo County's accounting department providing accounting services along with the VCE Director of Finance oversight which is ~$6,000/month less than an outside accounting firm's fees that were budgeted.

Audit fees – ($42,000) and (70%) – the decrease is due to the audit fees for the 2017/18 fiscal year were $18,000 due to only one month of operations compared to the budget of $60,000.

Marketing Collateral – ($74,487) and (57%) – the decrease is due to the selection of a new marketing firm made in November.

PG&E Data Fees – ($97,564) and (38%) – due to timing of the billing from PG&E and the deferral of the NEM customers that were included in the budget.

Contingency – ($320,003) and (100%) – due to the inclusion of 10% of operating expenses for contingency in the VCE budget.

Interest on RCB loan – ($267,880) and (77%) – due to lower outstanding Line of credit balance than originally budgeted.

Attachments:

1) Financial Statements (Unaudited) February 1, 2019 to February 28, 2019 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending February 28, 2019

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2019

(WITH COMPARATIVE YEAR TO DATE INFORMATION)

PREPARED ON MARCH 28, 2019

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
AS OF FEBRUARY 28, 2019
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,185,116
Accounts receivable, net of allowance		3,218,357
Accrued revenue		1,495,170
Prepaid expenses		10,827
Inventory - Renewable Energy Credits		158,664
Other current assets and deposits		2,540
Total current assets		10,070,674
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		426,215
Total restricted assets		1,526,215
Noncurrent assets:		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	$	11,696,889
LIABILITIES		
Current liabilities:		
Accounts payable	$	467,286
Accrued payroll		4,104
Interest payable		95,700
Due to member agencies		747,444
Accrued cost of electricity		2,414,508
Other accrued liabilities		1,335,440
User taxes and energy surcharges		32,143
Total current liabilities		5,096,625
Noncurrent liabilities		
Line of credit		1,976,610
Loans from member agencies		1,500,000
Total noncurrent liabilities		3,476,610
TOTAL LIABILITIES	$	8,573,235
NET POSITION		
Net position:		
Restricted		
Local Programs Reserve	$	45,474
Unrestricted		3,078,180
TOTAL NET POSITION	$	3,123,654

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2019	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 2,856,606	$ 34,019,423
TOTAL OPERATING REVENUES	2,856,606	34,019,423
OPERATING EXPENSES		
Cost of electricity	1,926,445	26,878,978
Contract services	187,498	1,565,280
Staff compensation	80,957	656,671
General, administration, and other	32,871	257,929
TOTAL OPERATING EXPENSES	2,227,771	29,358,858
TOTAL OPERATING INCOME (LOSS)	628,835	4,660,565
NONOPERATING REVENUES (EXPENSES)		
Interest income	3,641	19,137
Interest and related expenses	(8,163)	(132,195)
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,522)	(113,058)
CHANGE IN NET POSITION	624,313	4,547,507
Net position at beginning of period	2,499,341	(1,423,853)
Net position at end of period	$ 3,123,654	$ 3,123,654

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2019	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 2,675,552	$ 32,158,198
Payments for security deposits with energy suppliers	-	500,000
Payments to purchase electricity	(2,379,396)	(26,860,485)
Payments for contract services, general, and adminstration	(279,186)	(900,490)
Payments for staff compensation	(80,979)	(546,976)
Net cash provided (used) by operating activities	(64,009)	4,350,247
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Draw of line of credit	-	4,376,610
Principal payments of Line of Credit to bank	-	(4,000,000)
Interest and related expenses	(8,849)	(98,051)
Net cash provided (used) by non-capital financing activities	(8,849)	278,559
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	3,641	19,137
Net cash provided (used) by investing activities	3,641	19,137
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69,217)	4,647,943
Cash and cash equivalents at beginning of period	6,780,548	2,063,388
Cash and cash equivalents at end of period	$ 6,711,331	$ 6,711,331
Cash and cash equivalents included in:		
Cash and cash equivalents	$ 5,185,116	$ 5,185,116
Restricted assets	1,526,215	1,526,215
Cash and cash equivalents at end of period	$ 6,711,331	$ 6,711,331

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2019	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 628,835	$ 4,660,565
(Increase) decrease in net accounts receivable	70,098	(3,212,686)
(Increase) decrease in accrued revenue	(220,493)	1,329,320
(Increase) decrease in prepaid expenses	8,759	(10,827)
(Increase) decrease in inventory - renewable energy credits	(158,664)	277,923
(Increase) decrease in other assets and deposits	-	500,000
Increase (decrease) in accounts payable	(29,168)	329,811
Increase (decrease) in accrued payroll	(22)	2,480
Increase (decrease) in due to member agencies	24,027	212,805
Increase (decrease) in accrued cost of electricity	(294,287)	(259,431)
Increase (decrease) in other accrued liabilities	(62,435)	498,146
Increase (decrease) in user taxes and energy surcharges	(30,659)	22,141
Net cash provided (used) by operating activities	$ (64,009)	$ 4,350,247

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2019
FOR THE YEAR TO DATE ENDING February 28, 2019

Description	2/28/2019 YTD FY2019 Actuals	2/28/2019 YTD FY2019 Budget	YTD Variance	% over/-under
Electric Revenue	$ 34,019,423	$ 36,393,771	$ (2,374,348)	-7%
Interest Revenues	19,138	54,274	(35,136)	-65%
Purchased Power	26,878,978	29,172,052	(2,293,074)	-8%
Labor & Benefits	656,670	918,815	(262,145)	-29%
Salaries & Wages/Benefits	224,517	499,059	(274,542)	-55%
Contract Labor	424,111	411,667	12,445	3%
Human Resources & Payroll	8,042	8,090	(48)	-1%
Office Supplies & Other Expenses	77,498	142,234	(64,736)	-46%
Technology Costs	5,911	11,040	(5,129)	-46%
Office Supplies	1,251	804	447	56%
Travel	1,787	20,350	(18,563)	-91%
CalCCA Dues	66,744	102,000	(35,256)	-35%
Memberships	1,805	8,040	(6,235)	-78%
Contractual Services	1,565,281	1,843,969	(278,687)	-15%
LEAN Energy	3,996	12,000	(8,005)	-67%
Don Dame	7,313	3,000	4,313	144%
SMUD - Credit Support	380,878	427,274	(46,396)	-11%
SMUD - Wholesale Energy Services	408,565	376,000	32,565	9%
SMUD - Call Center	487,324	516,168	(28,844)	-6%
CirclePoint	54,915	72,801	(17,886)	-25%
Legal	49,013	28,490	20,523	72%
Legislative/Regulatory	92,310	160,000	(67,690)	-42%
Accounting Services	7,553	58,333	(50,780)	-87%
Audit Fees	18,000	60,000	(42,000)	-70%
Marketing Collateral	55,415	129,902	(74,487)	-57%
Rents & Leases	11,315	18,600	(7,286)	-39%
Hunt Boyer Mansion	11,315	8,400	2,915	35%
Future Office Space	-	10,200	(10,200)	-100%
Other A&G	162,071	272,414	(110,343)	-41%
PG&E Data Fees	161,810	259,374	(97,564)	-38%
Community Engagement Activities & Sponsorships	251	8,000	(7,749)	-97%
Green-e Certification	-	2,000	(2,000)	-100%
Banking Fees	10	3,040	(3,030)	-100%
Miscellaneous Operating Expenses	7,044	4,000	3,044	76%
Contingency	-	320,003	(320,003)	-100%
TOTAL OPERATING EXPENSES	$ 29,358,857	$ 32,692,088	$ (3,333,231)	-10%
Interest Expense - Munis	35,922	31,735	4,187	13%
Interest on RCB loan	79,398	347,278	(267,880)	-77%
Interest Expense - SMUD	16,877	13,100	3,778	29%
NET INCOME	$ 4,547,507	$ 3,363,846	$ 1,183,661	35%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report

Date: April 11, 2019

RECOMMENDATION: Receive regulatory monitoring report.

Regulatory Priorities

The Keyes and Fox Board report includes several priority issues including:

- **Integrated Resource Planning:** The judge issued a Proposed Decision (PD) that would establish a process for potentially moving California to a central procurement model for certain renewable energy, natural gas, and energy storage resources. It also finds VCE's 2018 IRP is not yet approved, instead requiring VCE to file a Tier 2 Advice Letter on June 14 estimating the particulate matter emissions from resources used to serve its load, among other requirements.
- **PG&E's ERRA Compliance:** In late February, PG&E filed its 2018 ERRA Compliance application, which has implications for non-bypassable charges like the PCIA and CAM that VCE's customers pay. Beginning with this month's memo and going forward, we are including updates from this proceeding in the monthly regulatory memos.
- **Resource Adequacy:** Shell Energy filed a Petition for Modification of the CPUC's recent decision implementing multi-year Local RA requirements for LSEs including VCE.

Attachment: Keyes & Fox April 4, 2019 Regulatory Memorandum

KEYES&FOX LLP

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance Board of Directors

From: Tim Lindl, Partner, Keyes & Fox LLP
Sheridan Pauker, Partner, Keyes & Fox, LLP
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: April 4, 2019

Summary

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

This month's report includes regulatory updates on the following priority issues:

- Integrated Resource Planning (IRP) Rulemaking
- Resource Adequacy (RA) Rulemaking
- Investigation into PG&E's Organization, Culture and Governance (Safety OII)
- Power Charge Indifference Adjustment (PCIA) Rulemaking
- PG&E's 2018 Energy Resource Recovery Account Compliance
- PG&E's 2019 Energy Resource Recovery Account Forecast
- PG&E's Phase I General Rate Case (GRC)
- Renewables Portfolio Standard (RPS) Rulemaking
- 2018 Rate Design Window (RDW)
- 2019 RDW
- Wildfire Cost Recovery Methodology Rulemaking
- Utility Wildfire Mitigation Plans Rulemaking
- Other Regulatory Developments

Integrated Resource Planning (IRP) Rulemaking

On March 5, 2019, and March 15, 2019, respectively, parties filed comments and reply comments in response to a February 11, 2019, Ruling on proposed scenarios for the 2019-2020 Reference System Portfolio (RSP). On March 18, 2019 the judge issued a Proposed Decision (PD) that would establish a process for potentially moving California to a central procurement model for certain renewable energy, natural gas, and energy storage resources. An all-party meeting on the PD was held on April 4, 2019.

- **Background**: In February 2018, the CPUC established the 2017-2018 IRP filing requirements and statewide RSP. VCE submitted its IRP on August 1, 2018. Its next IRP filing is due May 1, 2020. In the CPUC's IRP process, it adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. The Energy Division and CalCCA previously recommended that the CPUC adopt as the PSP the Hybrid Conforming Portfolio (HCP), which is an aggregation of each LSE's Conforming Portfolios filed in their 2018 IRP that reflect the CPUC's RSP with adjustments to fit within the resource potential and transmission availability assumed in the CPUC's model.

- **Details**: The PD proposes a moving towards a centralized approach to procuring renewable energy and other resources, asserting far greater CPUC control over CCA procurement choices. The PD would reject an aggregation of each of the LSEs' IRPs (the HCP) as the statewide PSP, and instead impose top-down procurement requirements by adopting a modified version of the RSP adopted in D.18-02-018 as its PSP. Modifications to the RSP would be made to reflect the 2017 IEPR assumptions and a new assumption of a 40-year life for natural gas resources.

  The basis for this finding is a staff analysis that the HCP does not achieve CA's 2030 GHG reduction and RPS goals. The PD would open a new "procurement track" of the proceeding to determine how LSEs are to procure resources to satisfy the PSP by 2030. In this track, significant issues about the structure and allocation of jurisdiction over CCA procurement decisions would be addressed, including who will procure, and will this be all entities individually, or will some just have their customers pay. It will also address what types of resources will be procured, how much, and when.

  The PD finds that VCE's 2017-18 IRP filed in August 2018 is not yet approved, requiring VCE to file a Tier 2 Advice Letter by June 14, 2019 which must "[p]rovide best available estimates of emissions of particulate matter associated with all emitting resources used to serve load, including system power" in at least the four study years of 2018, 2022, 2026, and 2030. All LSEs in PG&E's territory would be required to address the need for replacement energy for Diablo Canyon in the June 14, 2019 Advice Letter, although LSEs are not going to be allocated a specific replacement capacity for this retiring resource. In addition, all LSEs would be required to provide information as to the contractual status of individual resource choices within their portfolios (informally by June 14, 2019, and thereafter in their IRP filings).

- **Analysis**: If the judge's PD is adopted, it could potentially diminish VCE's authority and control over its resource procurement decisions, although the specifics would not be determined until the next phase of this proceeding. With the exception of the PD on 2018 LSE IRPs, the proceeding is focused on addressing issues that will be relevant to VCE's 2020 IRP filing.

- **Next Steps**: An all-party meeting was held on April 4, 2019. Comments and reply comments on the PD are due April 8, 2019 and April 15, 2019, respectively. CalCCA is filing comments. The PD may be adopted, at earliest, at the April 25, 2019 CPUC meeting. The PD also notes that the CPUC may hold a closed session ratesetting deliberative meeting in advance of the April 25 open meeting on the PD. If the PD is adopted, VCE's Advice Letter would be due on June 14, 2019. If the PD is adopted, a new "procurement track" would be opened. The CPUC is also expected to issue a new Order Instituting Rulemaking on the 2019-2020 IRP cycle in 2019.

- **Additional Information**: Proposed Decision (March 18, 2019); Ruling seeking comments on the Reference System Plan scenarios and analysis for 2019-2020 IRPs (February 11, 2019); Ruling and attachments on Proposed Preferred System Portfolio for 2017-2018 and Proposed IRP Portfolios for 2019-2020 CAISO Transmission Planning Process (January 11, 2019); Ruling seeking comments on reliability issues (November 16, 2018); Ruling finalizing production cost modeling approach and schedule (November 15, 2018); VCE's 2018 IRP (August 1, 2018); D.18-02-018 adopting IRP reference plan and load-serving entity requirements (February 13, 2018); Docket No. R.16-02-007.

Resource Adequacy (RA) Rulemaking

On March 18, 2019, Shell Energy filed a Petition for Modification (PFM) of D.19-02-022, which adopted multi-year local RA requirements beginning for the 2020 RA year, as well as a number of corresponding modifications to the RA program. On March 22, 2019, PG&E submitted information on future planned central buyer workshops. Parties filed comments and reply comments, respectively, on Track 3 proposals on March 22, 2019 and March 29, 2019.

- **Background**: This proceeding has three tracks, and is currently focused on Track 3. Track 1 addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed. In Track 2, the CPUC adopted multi-year Local RA requirements and declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019). Parties are holding workshops in 2019 to further address the development of a Local RA central buyer mechanism, with the CPUC indicating it would act by late 2019 if parties did not come to a consensus.

  CalCCA submitted a Track 3 proposal on March 22, 2019 incorporating VCE's suggestions to push back the timeline for load forecasting, provide earlier notice to LSEs of California Energy Commission (CEC) plausibility adjustments and an opportunity for LSEs to contest these, penalize LSEs for under-forecasting and compensate impacted LSEs. The CalCCA proposal would also tailor RA purchases to actual month-to-month forecast load.

- **Details**: In its PFM of D.19-02-022, Shell requests changes to two components of the recent CPUC Decision adopting a three-year Local RA procurement requirement: (1) the establishment of the multi-year RA requirements even though the CPUC did not designate a central procurement entity, and (2) RA reporting by the Energy Division of LSE-specific resources. On the first issue, Shell contends that the Decision fails to address the interplay between multi-year forward RA procurement and the establishment of a central procurement entity, and that the multi-year requirement without a central procurement structure imposes large risks and costs on LSEs and ratepayers. Shell requests that multi-year RA requirements be deferred until a central procurement mechanism is established. On the second issue, Shell contends that including LSE-specific information would reveal sensitive information about LSE procurement strategy from the prior year and the construction of the LSE's competitive RA portfolio. Shell requests that the Decision be modified so that the report provides information on aggregate RA resources, not LSE-specific resources.

- **Analysis**: D.19-02-022 affected VCE's Local RA compliance obligations beginning in 2020 by requiring procurement over a three-year period instead of an annual period. The design, scope, and implementation timeline of a RA central procurement entity remains uncertain. Moving to a central procurement entity would impact VCE's ability to procure some or all Local RA on its own behalf. If Shell's petition is granted, this would also impact VCE's Local RA compliance obligations and timing. Track 3 of the proceeding addresses further refinements to the RA program, including the load forecasting methodology, which impacts VCE's RA requirements and associated procurement costs.

- **Next Steps**: Central Buyer workshops #1 and #2 (Topic: full vs. residential procurement model) are scheduled for April 22 and 23, 2019. In May 2019, workshops #3 and #4 A final decision regarding the central buyer is anticipated for Q4 2019. With respect to Track 3, a Proposed Decision was originally scheduled for May 2019, and the Final Decision for June 2019.

  With respect to local capacity requirements (LCR) and flexible capacity requirements (FCR) issues specifically, CAISO's draft LCR and FCR studies are expected April 4, 2019, with comments on the drafts due April 18, 2019. The final studies are expected May 1, 2019, at which time parties will have the opportunity to file comments and reply comments by May 8, 2019 and May 14, 2019, respectively. A decision is anticipated by the end of June 2019 so that LSEs like VCE have sufficient time to obtain Flexible resources to meet their Flexible RA procurement requirements for 2020.

- **Additional Information**: Shell Energy Petition for Modification of D.19-0-022 (March 18, 2019); D.19-02-022 (March 4, 2019); Amended Scoping Memo and Ruling (January 29, 2019); 2017 Resource Adequacy Report (August 3, 2018); D.18-06-030 setting local capacity requirements and resource adequacy program revisions and D.18-06-031 adopting flexible capacity requirements for 2019 (both on June 22, 2018); Scoping Memo and Ruling (January 1, 2018; modified in part on May 2, 2018); Docket No. R.17-09-020.

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

On March 28, 2019, Commissioner Picker and the judge issued a Joint Ruling scheduling two public forums on issues relating to PG&E's corporate governance and structure. On March 29, 2019, a consultant for the CPUC Safety and Enforcement Division submitted an update evaluating PG&E's implementation of various recommendations the consultant previously made related to safety.

- **Background**: On December 21, 2019, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

  In jointly filed comments, CCAs including VCEA, argued PG&E should improve its electric infrastructure safety outcomes by removing itself from the retail generation business and concentrating its attention and investments on its electric transmission and distribution businesses. CCAs also urged the CPUC to put financial stewardship, responsibility and control over programs such as demand response, energy efficiency and transportation electrification under local control.

- **Details**: Topics to be discussed at the April public forums will include the safety practices of PG&E and alternatives to corporate ownership. Additional forums on other issues, including potential changes to PG&E's corporate structure, may be scheduled later.

  The consultant's update provides the status of PG&E's implementation of critical recommendations previously made by the consultant. The consultant found "significant improvements in the safety culture and process of PG&E," while nonetheless identifying myriad remaining issues. For instance, the consultant found that PG&E developed a corporate safety plan, but it does not include all aspects of safety and PG&E did not review existing safety initiatives in the manner the consultant had recommended. It also notes limited progress has been made on increased supervisory time in the field.

- **Analysis**: Given the broad initial scope, this proceeding could have a range of possible impacts on CCAs and their customers. The scoping memo, while focused on PG&E, raised a series of questions regarding the future of the existing models of electricity generation, transmission and distribution in California and the entities participating in providing these services.

- **Next Steps**: The public forums are scheduled for April 15, 2019, and April 26, 2019.

- **Additional Information**: Joint Ruling (March 28, 2019); Joint CCA Comments (February 13, 2019); Scoping Memo (December 21, 2019); I.15-08-019.

PCIA Rulemaking

On March 20, 2019, the judge issued a Ruling denying a CalCCA Motion to allow CCAs to file certain confidential data under seal. On March 22, 2019, the judge issued an E-mail Ruling setting an April 4 Working Group Two meeting. On March 26, 2019, Working Group One held a workshop on the Benchmark True-Up and Other Benchmarking Issues. On March 27, 2019 PG&E filed Advice Letter (AL) 5507-E.

- **Background**: The first phase of this proceeding had two tracks. Track 1 addressed the PCIA exemption currently in place for CCA customers participating in the California Alternate Rates for Energy (CARE) and Medical Baseline (MB) programs. Track 2 addressed alternatives to the current PCIA methodology.

  Applications for Rehearing of the CPUC's Track 2 Decision remain outstanding, and the CPUC has opened Phase 2 of this proceeding to address additional PCIA issues. The Phase 2 Scoping

Memo and Ruling will primarily rely on a working group process to further develop a number of PCIA-related proposals. It provides that three types of issues are within the Phase 2 scope: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

- **Details**: The March 20 Ruling denies CalCCA's motion for confidential treatment without prejudice and clarifies that each CCA has to follow the process for claims confidential treatment under D.06-06-066 when submitting confidential data to staff. In this instance, on April 4, 2019, CCAs must submit a declaration under penalty of perjury with the data provided to CPUC staff, establishing the five factors required by D.06-06-066, Ordering Paragraph 2, but no motion is initially required.

  The March 22 E-Mail Ruling granted a joint motion by SDG&E, Direct Access Customer Coalition, and Alliance for Retail Energy Markets for an extension to April 4, 2019 to hold the initial Working Group Two (Prepayment) workshop.

  AL 5507-E observes that the Phase 1 Decision in this proceeding "has the potential to dramatically change PG&E's energy portfolio position," as adoption of the Brown Power Index true-up changed PG&E's bundled electric customer financial exposure to commodity price risk. A confidential attachment to the AL describes how PG&E will manage its Hedging Plan accordingly. PG&E's hedging costs and benefits would be recorded in the ERRA balancing account for allocation only to bundled electric customers, and CCAs and other departed load customers will not share in any costs or benefits of any future hedging transactions.

- **Analysis**: Phase 2 of this proceeding could further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.

- **Next Steps**: Protests of AL 5507-E were due April 1, 2019. CCA confidentiality declarations are due April 4, 2019. A Working Group One progress report is due on April 22, 2019, with a workshop scheduled for May 13, 2019, and a report on the Brown Power, RPS and RA true up due May 31, 2019, and a second report on remaining high priority issues due July 1, 2019. The initial Working Group Two workshop was scheduled for April 4, 2019, and progress reports are due May 24, 2019 and July 26, 2019. Working Group Three is expected to begin meeting in April 2019 (date TBD); the IOUs are developing a Procurement Process Reference Guide to distribute at least two weeks in advance of the first workshop. Parties may request evidentiary hearings by filing a motion within ten working days of a working group report being filed. A Proposed Decision (PD) on the Brown Power, RPS and RA true-ups are anticipated in September 2019, with a separate PD issued later Fall 2019 on other Working Group One issues.

- **Additional Information:** AL 5507-E on PG&E's Bundled Procurement Plan and implementation of its Electric Portfolio Hedging Plan (March 27, 2019); E-mail Ruling setting an April 4 Working Group Two meeting (March 22, 2019); Ruling denying CalCCA Motion to allow CCAs to file certain data under seal (March 20, 2019); Phase 2 Scoping Memo and Ruling (February 1, 2019); PG&E AL 5440-E (December 10, 2018); Applications for Rehearing of D.18-10-019: PCE, SCP, and MCE, Shell Energy North America, CalCCA, California Large Energy Consumers Association, Protect Our Communities Foundation and Utility Consumers' Action Network (November 19, 2018); 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's 2018 Energy Resource and Recovery Account Compliance

On February 28, 2019, PG&E filed its 2018 Energy Resource and Recovery Account (ERRA) Compliance application. On March 14, 2019, the judge issued a Resolution categorizing the proceeding as a ratesetting.

- **Background**: ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the ERRA balancing account.
- **Details**: In its application, PG&E requested that the CPUC find that it 2018 PG&E complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, and least-cost dispatch of electric generation resources, as well as that it managed its utility-owned generation (UOG) facilities reasonably. PG&E also requested recovery of $4.7 million for Diablo Canyon seismic study costs.
- **Analysis**: This proceeding impacts PG&E's PCIA and Cost Allocation Mechanism non-bypassable charges paid by CCA customers, as the levels of both are affected by whether PG&E correctly calculated and accounted for the actual costs it incurs and whether it is managing its portfolio of contracts and UOG in a reasonable manner.
- **Next Steps**: Responses to the application are due April 5, 2019.
- **Additional Information**: Resolution categorizing proceeding as ratesetting (March 14, 2019); PG&E Application (February 28, 2019); Docket No. A.19-02-018.

PG&E's 2019 Energy Resource and Recovery Account Forecast

On March 18, 2019, the CPUC Executive Director approved a PG&E request for an extension to April 18, 2019 to file an advice letter implementing the CPUC's recent decision.

- **Background**: Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year. More specifically, they determine fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The CPUC's March 2019 Decision (D.19-02-023) granted the brown power true-up for target year 2018, resulting in a total 2019 PCIA revenue requirement that decreases further from the $1.043 billion in the Proposed Decision (PD), which itself was a decrease of $122 million. It also revised the methodology for calculating the brown power true-up, which will likely reduce the amount of the true up compared to original estimates. The exact further amount of the reduction will be determined in an advice letter to be filed by PG&E in mid-April. It also rejected PG&E's proposals on (1) forecasting sales at the sales price rather than the market price benchmark and (2) allocating the PCIA based on billing determinants less than forecasted system sales.
- **Details**: PG&E asserted that it needs more time to complete its analysis of "millions of data points" for calculating the Brown Power true-up required by D.19-02-023, as well as to develop an auditable process for accumulating the CAISO transaction information on a vintage basis, as the Portfolio Allocation Balancing Account established in D.18-10-019 is not yet approved.
- **Analysis**: This proceeding implements the October Track 2 Decision from the PCIA docket and will establish the amount of the PCIA for VCE's 2019 rates and the level of PG&E's generation rates for bundled customers. Any under or over-collections between January 1, 2019 and the date of the PG&E's Annual Electric True-Up implementing the ERRA (currently anticipated May 1, 2019) will be recovered in 2020 rates.
- **Next Steps**: PG&E will file an advice letter on April 18, 2019, to implement the changes associated with D.19-02-023. The delay in the filing of the Tier 2 Advice Letter implementing D.19-02-023 means new 2019 PCIA rates will not be implemented until at least July 1, 2019 via a third version of its Annual Electric True-Up (AET-C). If resolution of the Tier 2 Advice Letter does not occur prior to July 1, 2019, AET-C may not be filed until September 1, 2019. PG&E has stated informally it will file an AET-B on May 1, 2019, that will include updated transmission rates only. AET-A was filed with an effective date of March 1, 2019.

- **Additional Information**: Executive Director Letter (emailed to service list March 18, 2019); D.19-02-023 (March 4, 2019); PG&E's Application (June 1, 2018); PG&E's Testimony (June 1, 2018); Docket No. A.18-06-001.

PG&E Phase I General Rate Case (GRC)

On March 8, 2019, Commissioner Picker issued a Scoping Memo and Ruling. On March 25, 2019, PG&E filed revised testimony on real estate. On March 29, 2019, the CPUC Executive Director granted PG&E's request for an extension in filing its Phase 2 GRC from August 1, 2019 to November 22, 2019.

- **Background**: PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional $1.058 billion (from $8.518 billion to $9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution ($2.097 billion total, or a $134 million increase), electric distribution ($5.113 billion total, or a $749 million increase), and generation ($2.366 billion total, or a $175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by $10.57, or 6.4%, comprised of an electric bill increase of $8.73 and a gas bill increase of $1.84. For 2021 and 2022, PG&E requested total increases of $454 million and $486 million, respectively. PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

  Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental $5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to $2 billion in insurance costs.

  Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are $83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~$59 million in 2021-2022) expected as the largest subcategory of future expenses.

- **Details**: The Scoping Memo and Ruling provides a detailed procedural schedule for the remainder of this proceeding.

- **Analysis**: PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.

  Next Steps: Public Advocates Office testimony is due June 28, 2019, followed by intervenor testimony on July 26, 2019. Public participation hearings will be held in July/August 2019. An evidentiary hearing is scheduled to begin September 23, 2019. A proposed GRC Phase 1 decision is targeted for Q1 2020. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase 2 proceeding, which PG&E plans to file by November 22, 2019.

- **Additional Information**: Scoping Memo and Ruling (March 8, 2019); Joint CCAs' Protest (January 17, 2019); Application and PG&E GRC Website (December 13, 2018); A.18-12-009.

Renewables Portfolio Standard (RPS) Rulemaking

On March 11, 2019, parties filed reply comments in response to a February 11, 2019 Ruling on the method of establishing the procurement quantity requirements for compliance periods subsequent to 2030. On March 15, 2019, PG&E filed its Final, Conforming 2018 RPS Procurement Plan.

- **Background**: On February 28, 2019, the CPUC issued D.19-02-007, approving RPS Procurement Plans filed in 2018 by LSEs, including VCE. Remaining issues to be addressed in this proceeding are threefold: (1) implementing existing and new statutory requirements (*e.g.,* SB 100) that are mandated or may be mandated during the course of this proceeding; (2) continuing and completing specific tasks identified in R.15-02-020 (the now-closed previous RPS docket), but not completed prior to the issuance of this new Order Instituting Rulemaking (OIR); and (3) continuing, monitoring, reviewing, and improving elements of the RPS program that have previously been put in place, including identifying additional program elements that could be developed.

- **Details**: N/A.

- **Analysis**: D.19-02-007 issued in February 2019 affects VCE's RPS compliance obligations in 2019 and thereafter. Additionally, remaining issues in this proceeding could also impact PG&E's RPS compliance obligations and above-market costs for the PCIA calculation. Potential issues to be addressed that could impact VCE include, but are not limited to, implementing SB 100 (*i.e.,* increasing the RPS to 60% by 2030 and 100% clean energy by 2045), and details such as the straight-line methodology, reviewing and revising RPS penalty rules and confidentiality rules, and potentially increasing the RPS procurement percentage for later compliance periods.

- **Next Steps**: A Ruling on 2019 RPS Procurement Plans is expected in Q2 2019. A Proposed Decision on ELCC, time of delivery factors, and project viability is expected sometime in 2019.

- **Additional Information**: PG&E Final, Conforming 2018 RPS Procurement Plan (March 15, 2019); D.19-02-007 (February 28, 2019); Ruling requesting comments on SB 100 implementation (February 11, 2019); Scoping Ruling (November 9, 2018); D.18-11-004 on interconnection rules in the BioMAT program per AB 1923 (November 8, 2018); Ruling on revised RPS Procurement Plans (September 19, 2018); Order Instituting Rulemaking (July 23, 2018); R.18-07-003.

2018 Rate Design Window (RDW)

On March 8, 2019, parties filed Phase IIB reply briefs. On March 29, 2019, PG&E, SCE and SDG&E filed supplemental testimony on their Phase III fixed charge proposals.

- **Background**: The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 Phase I Decision granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020. A December 2018 Phase IIA Decision addressed PG&E restructuring of the CARE discounts into a single line item percentage discount to the customer's total bill.

  The proceeding is currently focused on Phase IIB and Phase III. Phase IIB addresses PG&E's rate design proposals and implementation, including a number of issues impacting CCA customers (*e.g.*, PG&E's CCA rate comparison tool and TOU rate design roll out to CCA customers). Phase III considers the IOUs' proposals for fixed charges and/or minimum bills.

- **Details**: PG&E's Phase III supplemental testimony updates its calculations to reflect tax-related changes based on the Internal Revenue Code and provides as a single, stand-alone exhibit for all the Phase III fixed charge showings. Adoption of a residential monthly fixed charge will take effect no earlier than one year after the expected October 2020 start of PG&E's full roll-out of default TOU rates. In its initial updated testimony, PG&E is now proposing that the delivery minimum bill amount remain at its current $10 level until 2022, rather than being increased to $15 as it had initially proposed, and then be replaced with a fixed charge. For rate schedules E-TOU-C, E-TOU-B and E-1, PG&E's updated proposed fixed charge, $7.10 per month, is a reduction from its initial $7.40 per month proposal. PG&E proposes to introduce its fixed charge in two phases, implementing half the amount in 2022 ($3.55 per month) and the remaining half in 2023.

- **Analysis**: This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures it residential rates.
- **Next Steps**: In Phase IIB, a Proposed Decision is expected in June 2019. In Phase III, intervenor testimony is due May 31, 2019 and rebuttal testimony due June 28, 2019, with evidentiary hearings scheduled for August 5-16, 2019. Phase III briefs and reply briefs, respectively, are due September 13, 2019, and October 4, 2019, with a Proposed Decision expected in Q1 2020.
- **Additional Information**: PG&E Phase III revised testimony on fixed charges (March 29, 2019); D.18-12-004 on Phase IIA Issues (December 21, 2018); Ruling requesting supplemental testimony on GHG reduction cost estimates (August 17, 2018); PG&E Supplemental Testimony (August 17, 2018); Ruling clarifying scope (July 31, 2018); D.18-05-011 (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); Amended Scoping Memo (April 10, 2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. A.17-12-011 (consolidated).

2019 RDW

On March 5, 2019, parties filed a settlement agreement that would resolve all issues in the proceeding. The judge issued a Ruling on March 13, 2019, establishing a procedural schedule and directing PG&E to file additional information, which it did on March 25, 2019.

- **Background**: The filing stems from PG&E's recently completed 2017 Phase 2 general rate case (GRC), where a new set of default rates (AG-A, AG-B, and AG-C) and opt-in rates (AG-RA, AG-RB, and AG-RC) were adopted to replace the legacy set of agricultural rate schedules. The associated settlement required PG&E to file a 2019 RDW proposal seeking bill mitigation measures for "highly impacted" customers, defined as those that would see bill increases over 7% and $100 per year. PG&E states that its new rates would replace all of the rates adopted in the 2017 GRC and consequently requests a decision on the RDW Application by April 2019 in order to implement the rates by March 2020 on an opt-in basis, and avoid customer confusion (i.e., by adopting the 2017 GRC rates only to have them replaced soon thereafter).
- **Details**: Settling Parties agreed to rate modifications to the 2017 GRC Phase 2 rates proposed in PG&E's 2019 RDW testimony, including the addition of time-of-use differentiation to the distribution component, modification of Schedule AG-C demand charges, and addition of a higher load factor rate for customers under 35 kW. As part of a transition from connected load to metered demand (which can adversely affect some agricultural customers when their metered demand exceeds their connected load used for billing), parties also agreed to transition all AG-A customers who are not highly-impacted to the new 2019 RDW rates in March 2021, and to transition all highly-impacted AG-A customers to the new 2019 RDW rates in March 2022. **However, highly impacted customers are not eligible for this delay in transitioning to new rates if they are CCA, direct access, or net metering customers.**

  The judge's Ruling eliminated a deadline for rebuttal testimony and canceled the evidentiary hearing, and instead directed PG&E to file additional clarifying information on the proposed Settlement by March 25.

- **Analysis**: This proceeding could result in changes to rates for PG&E's agricultural customers as well as VCE's customers to the extent they mirror PG&E's rates.
- **Next Steps**: A Proposed Decision and final Decision are anticipated in Q2 2019.
- **Additional Information**: Ruling setting procedural schedule (March 13, 2019); Settlement Agreement (March 5, 2019); Scoping Memo and Ruling (January 24, 2019); PG&E Application (November 26, 2018); A.18-11-013.

Wildfire Cost Recovery Methodology Rulemaking

On March 29, 2019, Commissioner Picker issued a Scoping Memo and Ruling.

- **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." Costs that would ordinarily be disallowed as not being "just and reasonable" may not exceed this maximum amount. This proceeding will implement the provisions of SB 901 by adopting criteria and a methodology for use by the CPUC in future applications for cost recovery of wildfire costs. The OIR will not adopt a specific financial outcome for purposes of cost recovery in a future wildfire cost recovery application by a utility. Furthermore, the scope of this proceeding does not include the consideration of cost recovery for any specific wildfire.

  PG&E argued in its comments on the OIR that its threshold should be based on the amount of debt it can carry, as it is unable to raise equity at this time. PG&E argued that given its distressed state, the CPUC should set the threshold to allow it to achieve a BBB- rating (on S&P's scale) after it emerges from Chapter 11 bankruptcy, and an A- rating over time.
- **Details**: The Scoping Memo and Ruling establishes the procedural schedule, with dates specified for April 2019. It also denied a joint motion filed earlier in March 2019 by Wild Tree Foundation, The Utility Reform Network, Mussey Grade Road Alliance, Protect Our Communities Foundation, and the City and County of San Francisco, who had requested public participation hearings in this proceeding.
- **Analysis**: This proceeding will establish the methodology the CPUC will then use to determine, in a separate proceeding, the specific costs that PG&E may recover associated with 2017 or future wildfires.
- **Next Steps**: A CPUC Staff Report will be published by April 5, 2019, and a workshop addressing the Staff Report will be held on April 10, 2019. Comments and reply comments, respectively, are due April 19, 2019, and April 26, 2019. No evidentiary hearing will be held.
- **Additional Information**: Scoping Memo and Ruling (March 29, 2019); Order Instituting Rulemaking (January 18, 2019); R.19-01-006. *See also* SB 901, enacted September 21, 2018.

Utility Wildfire Mitigation Plans Rulemaking

On March 8, 2019, the IOUs filed responses to the judge's March 5 Ruling requesting additional information on their Wildfire Mitigation Plans. Intervenor comments on the Wildfire Mitigation Plans were filed March 13, 2019, and utility reply comments were filed March 22, 2019. On March 21-22, 2019, the CPUC co-hosted a Wildfire Technology Innovation Summit.

- **Background**: This proceeding implements electric utility Wildfire Mitigation Plans pursuant to SB 901 (2018). PG&E's Wildfire Mitigation Plan provides for an expanded use by PG&E of its Public Safety Power Shutoff (PSPS) program to prevent wildfires from occurring during extreme weather events and dry vegetation conditions, with the number of electric customer premises potentially impacted by PSPS events increasing year-over-year from 570,000 to 5.4 million. The Plan also includes increasing vegetation management (removing 375,000 trees in 2019, up 235% from 2017); more frequent inspections of transmission and distribution system infrastructure; 150 circuit miles of system hardening (*e.g*., undergrounding power lines); enhanced situational awareness through additional weather stations and cameras; and resilience zones. PG&E plans to use pre-installed interconnection hubs (PIH), to be able to quickly and safely connect temporary mobile generation to energize an isolated Resilience Zone to provide service to central community resources like grocery stores when PG&E de-energizes power lines in the area due to wildfire risk conditions. PG&E suggested that the PIHs could evolve into Resilience Zone Microgrids over time, as preferred resource combinations begin to meet technical requirements, and as PG&E's capability to operate these systems matures.

- **Details**: Intervenors continue to conduct discovery and the utilities are publicly posting discovery responses on a weekly basis. PG&E is providing weekly updates (every Monday) to its data site containing discovery responses.
- **Analysis**: PG&E's Wildfire Mitigation Plan establishes its management approach to preventing wildfires in the future and includes provisions impacting the quality of service experienced by VCE customers (*e.g.,* PG&E's procedures for de-energizing electrical lines) and costs paid by VCE customers (*e.g.,* PG&E's expenditures related to maintaining its transmission and distribution systems are paid by all distribution customers, including VCE customers).
- **Next Steps**: The CPUC is expected to issue a decision approving the IOUs' Wildfire Mitigation Plans within three months of their submission (*i.e.,* May 6, 2019).
- **Additional Information**: PG&E Response to Second Ruling (March 8, 2019); Second Ruling seeking additional information on Wildfire Mitigation Plans (March 5, 2019); PG&E Response providing additional information on wildfire mitigation plan (February 26, 2019); Ruling seeking additional information on Wildfire Mitigation Plans (February 21, 2019); PG&E Wildfire Mitigation Plan (February 6, 2019); Ruling on independent evaluator (January 30, 2019); Scoping Memo and Ruling (December 7, 2018); Order Instituting Rulemaking (October 25, 2018); R.18-10-007.

Other Regulatory Developments

- **PG&E Advice Letter on CCA Financial Security Requirements.** PG&E provided notice via email that its advice letter setting financial security requirements for CCAs (AL 5423-E) was suspended for up to 120 days beginning December 13, 2018 (i.e., through April 12, 2019).
- **Rulemaking on De-Energization to Prevent Wildfires.** On March 28, 2019, the CPUC issued a Ruling requesting comments by April 8, 2019, on the incorporation of recently adopted state Alert and Warning Guidelines into the record of its investigation of rules governing de-energization of power lines during dangerous conditions. For reference, the guidelines (attached to the Ruling) are intended to plot out a comprehensive alert and warning program as a critical component of communities' ability to effectively respond to emergencies. Phase 1 of the proceeding addressing notice and communication issues is ongoing, expected to result in the issuance of a Proposed Decision in late April 2019.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager, VCEA

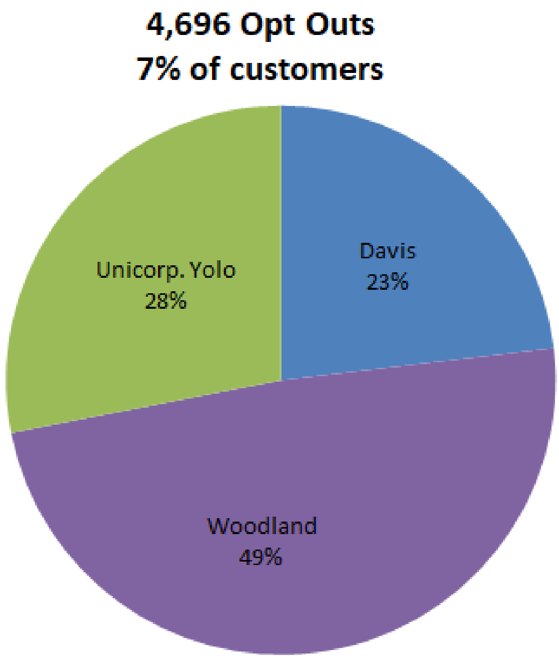
SUBJECT: Customer Enrollment Update and Call Center Report (Information)

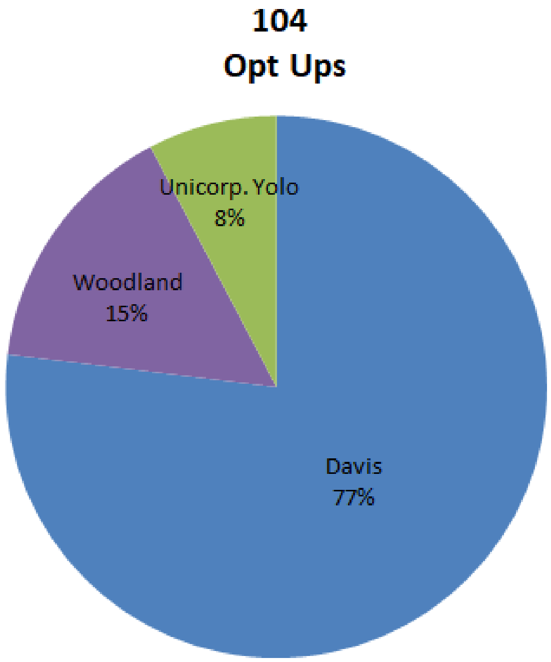
DATE: April 11, 2019

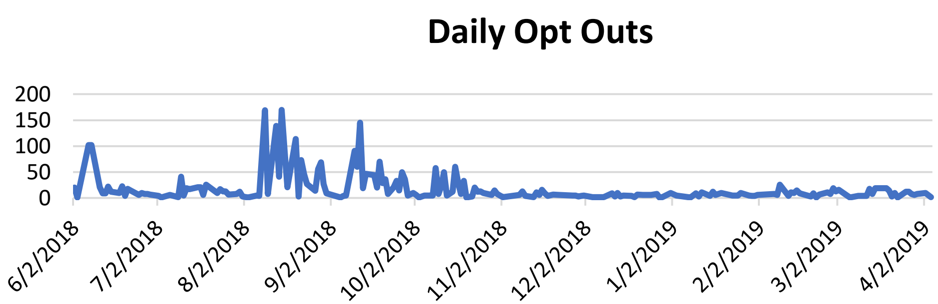
RECOMMENDATION

Receive and review the attached Customer Enrollment update as of April 4, 2019 and the monthly Call Center report as of March 24, 2019.

Enrollment Update







	Eligible	Opt-Out	% Opt Out
Residential	56,500	3,972	7.0%
Non-Residential	8,500	724	8.5%
Total	65,000	4,696	7.2%

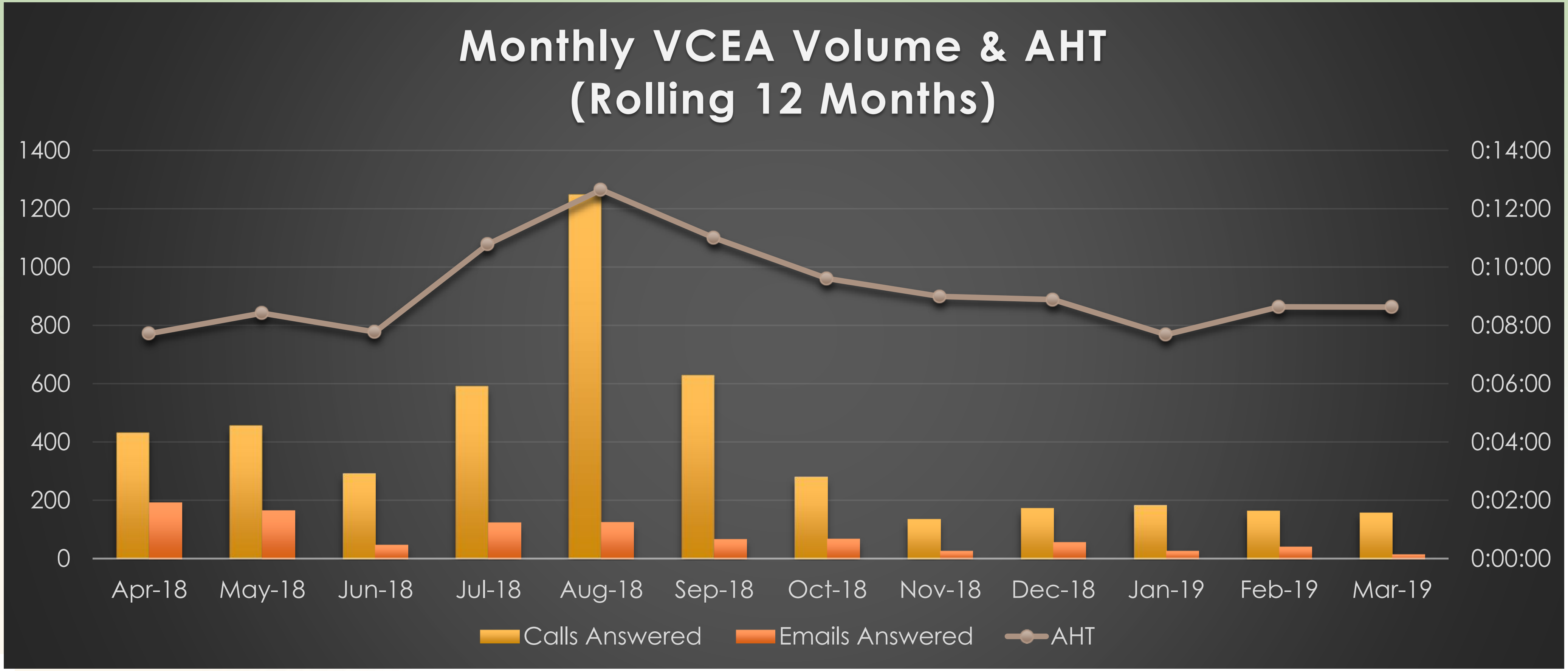
Approximately 7,000 NEM customers are pending enrollment with VCE and are included in the eligible total

35

VALLEY CLEAN ENERGY

Status Date: 4/4/19

VCE Monthly **Call Center** Report



VALLEY CLEAN ENERGY

SMUD Community Energy Services

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO:	Valley Clean Energy Alliance Board of Directors
FROM:	Mitch Sears, Interim General Manager
SUBJECT:	Transmittal of Community Advisory Committee Report – March 28, 2019 meeting
DATE:	April 11, 2019

This report transmits the Community Advisory Committee's Summary Report regarding its March 28, 2019 meeting.

Attachment

1. March 28, 2019 CAC Meeting Summary Report

Valley Clean Energy Alliance
Community Advisory Committee (CAC) Report to the Board
Summary of March 28th CAC Meeting

- Solar Home and Business (NEM) Enrollment Update
  - M. Baird provided an overview of a draft report that the Rates and Services task group had prepared regarding NEM enrollment for discussion with the CAC. Feedback from CAC members will be incorporated into the report and a recommendation with requested action for approval will be prepared for the April CAC meeting.

- Rate Structure/ Dividend Program
  - The Rates and Services task group made one additional recommendation to the Dividend program prepared by Staff which was discussed at the last meeting. Feedback from CAC members will be incorporated into the recommendation and reviewed at the April CAC meeting for requested approval.

- Long-term Solicitation Short List Results
  - G. Larson reviewed slides showing the criteria, bids and procedure for developing a short list of two solar projects. Next step is to negotiate PPAs (Power Purchase Agreements) and obtain Board approval.
  - Discussion followed regarding storage as it is not in either project.
  - Additional discussion regarding looking into other kinds of renewables down the line (such as small hydro) to help with base load.

- Long-term Load Forecast
  - G. Larson reviewed slides on the Load Forecast that will be submitted for the 2019 biannual Integrated Energy Policy report due 4/19/19.

- New Residential TOU Rate Class
  - J. Parks reviewed the new residential TOU (time of use) rates being proposed by PG&E. VCE must decide by October 2019 if it will use these rates, which would be implemented in February 2021. They would apply to about half of VCE's residential customers.
  - Discussion followed about ability for VCE to set its own rates.
  - PG&E will be at May Board meeting to present.

- Interactions with other CCA Advisory Groups
  - M. Sears brought this up at last CalCCA meeting -- that VCE's CAC would like to interact with other advisory groups -- and asked other CCAs to get back to him if there is interest. So far, there has been no response. CAC requested that at the next meeting M. Sears relay that VCE's CAC will contact other Advisory Groups unless he is contacted and asked for this not to happen.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Receipt of signed Amendment 7 to Task Order 4 of the SMUD Professional Services Agreement extending termination date

Date: April 11, 2019

RECOMMENDATION

Receive copy of signed Amendment 7 to Task Order 4 of the Sacramento Municipal Utilities District (SMUD) Professional Service Agreement extending the termination date from February 29, 2019 to June 30, 2019.

BACKGROUND

On October 12, 2017 the VCE Board entered into a Professional Services Agreement with Sacramento Municipal Utility District (SMUD) to assist with VCE's program launch and operations. On December 12, 2017, the VCEA Board approved Task Order 4 to provide Operational Staff Services.

On October 18, 2018, the VCEA Board approved via Resolution 2018-028, Amendment 5 to Task Order 4, which amended the Scope of Services and dedicated Operational Staff and extended the termination date from December 31, 2018 to February 28, 2019.

Included within the operating budget for Fiscal Year (FY) 2018/2019, are costs for dedicated Operational Staff through June 30, 2019.

UPDATE

Task Order 4 was set to expire February 28, 2019. To continue providing services to VCE, Interim General Manager Mitch Sears extended the termination date of dedicated SMUD Operational Staff to June 30, 2019. Attached is a signed copy of Amendment 7 to Task Order 4 reflecting the extension.

<u>Attachment</u>

1. Amendment 7 to Task Order 4 (Operational Staff)

AMENDMENT 7 TO EXHIBIT A: Scope of Services

A.4 Task Order 4 – Operational Staff Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 7 to Exhibit A, Task Order No. 4 (Amendment 7), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 7 conflict with any general provisions in the Agreement or Task Order 4, the provisions of this Amendment 7, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement.

The Effective Date of this Amendment 7 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 4:

A. **Amend Section 4, Term and Termination. Sub-section 4.1.1, Dedicated Operational Staff, Paragraph 1, to extend the end date:**

   "SMUD will provide the dedicated operational staff through June 30, 2019."

This Amendment 7 is subject to all provisions of the Agreement and all provisions of any previous Amendments to Exhibit A, which are not expressly superseded in this Amendment 7.

(Signature Page follows)

SIGNATURES

The Parties have executed this Amendment 7, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By:

Name: MITCH SEARS

Title: INTERIM GENERAL MANAGER

Date: FEBRUARY 13, 2019

Approved as to Form: N/A

Sacramento Municipal Utility District

By:

Name: ARLEN ORCHARD

Title: GENERAL MANAGE + CEO

Date: 2/15/19

Approved as to Form: Andrew Meditz

LEGAL

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

To:	Valley Clean Energy Alliance Board of Directors
From:	Mitch Sears, Interim General Manager
Subject:	Approval of Amendments to Task Orders of the SMUD Professional Services Agreement
Date:	April 11, 2019

RECOMMENDATION: Adopt a resolution authorizing the Interim General Manager to sign Amendment 8 to Task Order 4 (operational staff services), Amendment 9 to Task Order 3 (wholesale energy services), and Amendment 10 to Task Order 2 (data management and call center services).

BACKGROUND AND ANALYSIS:

On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) and Task Orders 1 and 2 to provide program launch and operational services. Soon thereafter, a series of additional Task Orders were implemented to the Agreement, including Task Order 3 to provide Wholesale Energy Services and Task Order 4 to provide Operational Staff Services to VCE.

As VCE progresses into Fiscal Year (FY) 2019/2020 additional projects are anticipated and costs will need to be budgeted in the operational budget. The attached Amendments reflect those projects and costs and are summarized below.

Task Order 4 (Operational Staff Services):

Amendment 8 to SMUD agreement Task Order 4 (operational services staff) extends dedicated operational staff, including the Director of Finance and Operations and Director of Customer Care and Communications, as well as the Power Director through June 30, 2020, in alignment with VCE's fiscal year. The fixed fee for the dedicated operational staff is increased to $255,000 each, effective July 1, 2019. Finally, the term and termination section is updated to reduce VCE's notification requirement from 60 days to 30 days should VCE choose to terminate one or more of the dedicated operational staff. This reduced notification period provides for more rapid financial flexibility for VCE, should the financial outlook change.

Task Order 3 (Wholesale Energy Services):

Amendment 9 to SMUD agreement Task Order 3 (wholesale energy services) is for SMUD to develop the 2020 update to VCE's Integrated Resource Plan. In accordance with SMUD's original proposal, each biannual IRP update will be provided for $50,000 fixed fee. This task order amendment authorizes the work to produce the 2020 IRP update, including dialog with VCE team to develop study scenarios and assumptions, attendance at CAC meetings to review the scope and preliminary results with the CAC and the public, preparation of the IRP report for submission to the CPUC, and providing any corrections to the 2020 IRP necessary to ensure that the report is certified by the CPUC.

Task Order 2 (Data Managegment and Call Center Services):

Amendment 10 to SMUD agreement Task Order 2 (data management and call center services) adds detail to the invoice methodology in the Compensation for Services section. SMUD is updating the methodology to calculate the monthly customer meter count, supporting the original compensation definition of “a fixed monthly fee per customer meter enrolled in Program service.” The refined methodology eliminates meter count duplication during move activity, where the use of distinct customer identification number (DA Xref) had counted two customers whenever an existing customer moved out and a new customer moved into a premise during the same month. The updated methodology is applicable through all time and has resulted in a credit back to VCE on the February invoice for updated meter counts on the June 2018 through January 2019 invoices.

Financial Impact: The staffing costs identified in Amendment 8 to Task Order 4 are effective July 1, 2019 and will be budgeted in VCE’s FY2019/2020 operational budget. The invoicing methodology identified in Amendment 10 is consistent with VCE’s current FY2018/2019 operational budget and will also be budgeted in the FY2019/2020 operational budget.

The $50,000 fixed fee and deliverables schedule identified in Amendment 9 to Task Order 3 (wholesale energy services) crosses fiscal years 2018/2019 and 2019/2020, adding an average monthly expenditure of $4,000. Although not specifically budgeted within the FY18/19 operating budget, there are some savings in other SMUD Task Order categories to cover the additional monthly cost. Lastly, the anticipated costs will be budget in the FY2019/2020 draft operating budget, which will be presented to the Board for approval at the June 13, 2019 meeting.

CONCLUSION

Staff is recommending the VCE Board adopt the attached resolution authorizing the Interim General Manager to approve and sign Amendment 8 to Task Order 4, Amendment 9 to Task Order 3, and Amendment 10 to Task Order 2 in substantially the same form as attached.

Attachments

1. Resolution Authorizing Interim General Manager to sign Amendments 8, 9 and 10 to the VCE-SMUD Professional Services Agreement
2. Amendment 8 to Task Order 4 (Operational Staff)
3. Amendment 9 to Task Order 3 (Wholesale Energy Services)
4. Amendment 10 to Task Order 2 (Data Management and Call Center Services)

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019-___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT 8 TO TASK ORDER 4, AMENDMENT 9 TO TASK ORDER 3, AND AMENDMENT 10 TO TASK ORDER 2 TO THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the Valley Clean Energy Alliance ("VCEA") is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act"), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo ("County"), the City of Davis ("Davis"), and the City of Woodland ("City") (the "JPA Agreement"), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, on August 31, 2017, the VCEA Board considered a proposal by the Sacramento Municipal Utilities District ("SMUD") to provide program launch and operational services and subsequently directed VCEA staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board;

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCEA to provide CCA support services;

WHEREAS, On October 12, 2017 the VCEA Board approved the Master Professional Services Agreement and Task Order 1 and Task Order 2 to provide program launch and operational services consistent with the SMUD proposal and VCEA Board direction;

WHEREAS, On November 16, 2017 the VCEA Board approved Task Order 3 to provide Wholesale Energy Services consistent with the SMUD proposal and VCEA Board direction;

WHEREAS, on December 12, 2017, the VCEA Board approved Task Order 4 to provide Operational Staff Services to VCEA for program launch and operations;

WHEREAS, on May 10, 2018, the VCEA Board approved Task Order 5 to provide long term renewable procurement services;

WHEREAS, Task Order 4 was set to expire February 28, 2019 and Interim General Manager Mitch Sears signed Amendment 7 to Task Order 4 extending the term to June 30, 2019;

WHEREAS, Amendment 8 to Task Order 4 (operational services) 1) extends dedicated operational staff and the Power Director through June 30, 2020 as outlined in Sub-section 4.1.1,

2) replaces sub-section 4.2.1 term and termination notification, and 3) increases the fixed fee for operational staff effective July 1, 2019;

WHEREAS, Amendment 9 to Task Order 3 (wholesale energy services) adds Section 1.6 "2020 Update to VCEA's Integrated Resource Plan", outlines deliverables, and compensation for services in the fixed fee amount of $50,000;

WHEREAS, Amendment 10 to Task Order 2 (data management and call center services) adds detail to SMUD's invoicing methodologies in the Compensation for Services section. .

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

1. authorizes VCEA Interim General Manager to sign the following Amendments to the SMUD Professional Services Agreement:

   A) Amendment 8 to Task Order 4 (Operational Staff);

   B) Amendment 9 to Task Order 3 (Wholesale Energy Services); and,

   C) Amendment 10 to Task Order 2 (Data Management and Call Center Services).

ADOPTED, this ____ day of _______________, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Tom Stallard, VCEA Chair

____
Alisa M. Lembke, VCEA Board Secretary

EXHIBIT A - Amendment 8 to Master Professional Services Agreement Task Order 4
Amendment 9 to Master Professional Services Agreement Task Order 3
Amendment 10 to Master Professional Services Agreement Task Order 2

EXHIBIT A

AMENDMENT 8 TO TASK ORDER 4 (OPERATIONAL STAFF)

AMENDMENT 9 TO TASK ORDER 3 (WHOLESALE ENERGY SERVICES)

AMENDMENT 10 TO TASK ORDER 2 (DATA MANAGEMENT AND CALL CENTER SERVICES)

AMENDMENT 8 TO EXHIBIT A: Scope of Services

A.4 Task Order 4 – Operational Staff Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 8 to Exhibit A, Task Order No. 4 (Amendment 8), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 8 conflict with any general provisions in the Agreement or Task Order 4, the provisions of this Amendment 8, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 8 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 4:

A. **Amend Section 4.1, Term of Task Order 4. Sub-section 4.1.1, Dedicated Operational Staff, *Title and Paragraph 1,* are deleted and replaced with the following:**

   "**4.1.1, Dedicated Operational Staff and Power Director**

   Notwithstanding Section 4.1, Term of Task Order 4, SMUD will assign dedicated operational staff as described in Section 1.1 of this Task Order 4 for Finance and Operations and Customer Care and Communications to be available onsite at VCEA offices. SMUD will also provide the services of the Power Director as described in Amendment 5 to Exhibit A. SMUD will provide the dedicated operational staff and the Power Director through June 30, 2020. The Parties may mutually agree to extend or modify any portion of the operational staff services or the Power Director as provided in Section 4.2.1 of Task Order No. 4."

B. **Amend Section 4.2, Term and Termination. Sub-section 4.2.1, Term and Termination, Paragraph 1 is deleted and replaced with the following:**

   "In the event that VCEA chooses to terminate the use of one or more of the dedicated operational staff as described in Section 1.1, or the Power Director as described in Amendment 5 to Exhibit A, prior to the end of the term in Section **Error! Reference source not found.** , VCEA will provide SMUD with no less than thirty (30) days advance notice in writing and will pay SMUD for the monthly prorated fees attributable to the terminated dedicated operational staff or Power Director incurred to the date of termination. Such fees shall be due and payable thirty (30) calendar days after the date of invoice by SMUD to VCEA. Any employee badges, keys, and other hardware and/or equipment provided to SMUD staff by VCEA, will be returned to VCEA within fifteen (15) days of Termination."

C. **Amend Section 5, Compensation for Services. Sub-section 5.1 Dedicated Operational Staff is revised to update the pricing as follows:**

“Dedicated operational staff will be provided at the following fixed annual fee, to be billed monthly, in arrears, to VCEA. The Fixed Fee below is effective beginning July 1, 2019, and will remain effective until otherwise mutually agreed in writing by the Parties.

Dedicated Operational Staff	Fixed Fee
Finance and Internal Operations	$255,000
Marketing & Customer Care	$255,000

SIGNATURES

The Parties have executed this Amendment 8, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

Approved as to Form: ______________________________

Sacramento Municipal Utility District

By: ______________________________

Name: Arlen Orchard

Title: Chief Executive Officer and General Manager

Date: ______________________________

Approved as to Form: ______________________________

AMENDMENT 9 TO EXHIBIT A: Scope of Services

A.4 Task Order 3 – Wholesale Energy Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 9 to Exhibit A, Task Order No. 3 (Amendment 9), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 9 conflict with any general provisions in the Agreement or Task Order 3, the provisions of this Amendment 9, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 9 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 3:

A. <u>Add Section 1.16, 2020 Update to VCEA's Integrated Resource Plan</u>

"SMUD will update VCEA's initial Integrated Resource Plan ("IRP") consistent with the requirements of the Clean Energy and Pollution Reduction Act of 2015 ("SB350") and California Public Utilities Commission regulations implementing the act, mainly through its rulemaking proceeding 16-02-007, which requires load serving entity with annual electricity consumption exceeding 700 gigawatt hours per year, to prepare an IRP in compliance with CPUC guidelines and regulations, and submit it to the CPUC for certification every two years SMUD services under this task will include the preparation of VCEA's 2020 IRP submission.

Task	Estimated Timing
Monitor the CPUC for their ruling on IRP scope related to schedule and data required for the updated IRP.	February – March 2019
Monitor and cover CPUC meetings and workshops regarding IRP modeling and data as needed	March – October 2019
Kick Off 2020 IRP with VCE/SMUD scoping meeting	September 2019
VCE Board Introduction of IRP update – discussion of scope and opportunity for input	November 2019

CAC and Public meeting on IRP scope and proposed scenarios and issues covered	December 2019
Decide scope with VCEA management and undertake modeling using publicly available data from the CPUC and other sources, including the CPUC IRP RESOLVE database set up for the 2020 IRP process	December 2019
Board discussion of preliminary results and recommendations and opportunity for Board feedback and public inputs • Prepare results and presentation • Draft report with key results and discussions based on Board recommendations	February 2020
Board adoption of IRP	April 2020
Submission of final IRP by VCE to CPUC	May 1, 2020
Make updates to IRP until certified by CPUC, if applicable	As needed

Deliverables:

1. Attend two CAC meetings for review and discussion with CAC and the public on scope of the IRP and of its preliminary results
2. Attend two VCE Board meetings to present study scope and findings in order to facilitate approval
3. Prepare IRP report for submission to the CPUC based on publicly available data and the CPUC RESOLVE model and databases available to LSEs for preparing IRPs
4. Participating in meetings and conference calls with VCE team as needed to develop study scenarios and assumptions as well as presentation of results in power point presentations and IRP report
5. Provide any corrections to the 2020 IRP necessary to ensure that the report is certified by the CPUC."

B. **AMEND SECTION 4, *COMPENSATION FOR SERVICES*, to add Section 4.4, 2020 *Update to VCEA's Integrated Resource Plan***

"The services described in Section 1.15, *2020 Update to the VCEA's Integrated Resource Plan*, due for completion and submission to the CPUC on May 1, 2020, will be provided for a fixed fee of $50,000."

(Signature Page follows)

SIGNATURES

The Parties have executed this Amendment 9, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

Approved as to Form: ______________________________

Sacramento Municipal Utility District

By: ______________________________

Name: Arlen Orchard

Title: Chief Executive Officer and General Manager

Date: ______________________________

Approved as to Form: ______________________________

AMENDMENT 10 TO EXHIBIT A: Scope of Services

A.4 Task Order 2 – Data Management and Call Center Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 10 to Exhibit A, Task Order No. 2 (Amendment 10), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 10 conflict with any general provisions in the Agreement or Task Order 2, or any preceding Amendments to Task Order 2, the provisions of this Amendment 10, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 10 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 2:

A. Section 4, COMPENSATION FOR SERVICES, subsection 4.1., *Data Management and Call Center Services,* is amended to add subsection 4.1.1. *Invoicing Methodology,* as follows:

"**4.1.1. Invoicing Methodology**

The following methodology will be utilized to calculate the total number of customer meters enrolled in Program service.

SMUD will:

1. Identify customers from the 4013 that have been entered into the CRM system and have an 'opt in' enrollment date range that is current
2. Filter that list to include customers that are also listed on the corresponding 814 File
3. Replace the DA_Xref with the associated SP_ID
4. Calculate the enrollment date ranges in the month
5. Use the total number of distinct SP_IDs from the date range query results to calculate the total number of customer meters enrolled in VCEA Program service"

(Signature Page follows)

SIGNATURES

The Parties have executed this Amendment 10, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

Approved as to Form: ______________________________

Sacramento Municipal Utility District

By: ______________________________

Name: Arlen Orchard

Title: Chief Executive Officer and General Manager

Date: ______________________________

Approved as to Form: ______________________________

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: River City Bank Revolving Line of Credit Extension

DATE: April 11, 2019

RECOMMENDATION:
Authorize the Interim General Manger to exercise VCE's option to extend the River City Bank Revolving Line of Credit (RLOC) for another six (6) month term.

BACKGROUND & DISCUSSION:
At the December 14, 2017 Board meeting, the Board adopted a resolution to select River City Bank as the credit and banking services vendor for VCE and authorized the Interim General Manager to execute a letter of intent and enter into negotiations for final contracts with River City Bank for VCE credit facilities. On March 7, 2018, the Interim General Manager executed a term sheet for up to $11,000,000 in total credit facilities for VCE with River City Bank.

At the May 10, 2018 Board meeting, the Board approved the Credit Agreement with River City Bank and authorize the Board Chair to approve and execute the Credit Agreement. The availability of the RLOC expires 1 year from execution of agreement (May 15, 2018) with an option to extend the line for another 6 months for a total of 18 months.

Since August 2018, VCE has not drawn on the RLOC and the outstanding balance of the RLOC is currently $1,976,610. VCE is in compliance with all its financial covenants stipulated in the Credit Agreement. At the expiration (including extension) of the RLOC, any outstanding balance can be converted to an amortizing Term Loan which matures up to 5 years from conversion date.

With the continued uncertainty of the PCIA fee and PG&E rates for 2019 and 2020, the availability of the RLOC for another 6 months would provide financial flexibility for VCE.

There are no direct fees or costs associated with extending the RLOC.

CONCLUSION:
Staff recommends that VCE exercises its option to extend the RLOC for another 6 months.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE AUTHORIZING THE EXTENSION OF REVOLVING LINE OF CREDIT WITH RIVER CITY BANK

WHEREAS, Valley Clean Energy Alliance ("VCEA"), is a public agency formed in January 2017 under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq., between the County of Yolo and the City of Davis to provide Community Choice Energy (CCE) programs within the member agencies, and in June 2017, the City of Woodland also joined VCEA adding to the overall VCEA service territory;

WHEREAS, VCEA initially received loans from each member agency of $500,000, together with co-operative agreements for member agencies to provide contracted staff and supplies during the implementation period, which will continue to June 2018 when VCEA will begin providing CCE programs; and

WHEREAS, VCEA solicited competitive bids for banking and credit services and selected River City Bank to lend VCEA up to $11 million as a revolving line of credit to fund power purchases as part of administrating CCE programs, which has a term of 12-months at variable rates with an option to extend another 6 months and is convertible to a five-year term loan with a fixed interest rate; and

WHEREAS, on May 10, 2018, the VCEA Board approved the Credit Agreement between VCEA, as borrower, and the River City Bank, as lender; and

WHEREAS, the $11 million revolving line of credit expires on May 15, 2019 and VCEA has an option to extend the line of credit for another 6 months, extending the term to November 15, 2019; and

WHEREAS, VCEA outstanding balance on the revolving line of credit on April 11, 2019 is $1,976,610; and

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

The VCEA Interim General Manager is hereby authorized to provide a written request to River City Bank to extend the revolving line of credit for another 6 months, extending the term to November 15, 2019.

ADOPTED, this ____ day of ______________, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Tom Stallard, VCEA Chair

____
Alisa M. Lembke, VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Reimbursable Staffing Expenses from Member Agencies

DATE: April 11, 2019

REQUESTED ACTION

Information item. No action requested.

BACKGROUND & DISCUSSION:

In 2016 and 2017, VCE signed a Cooperation and Administrative Services Agreement with each member agency (MOU's). Pursuant to the MOU, the member agencies agreed to provide VCE staff assistance, supplies, technical services and other services and facilities as VCE may request from time to time in carrying out its functions under the JPA Agreement and in furtherance of the CCE Program. VCE agreed to reimburse the Agencies for all costs incurred for services to the extent that funds are available to VCE from revenues received for electric services. It was the intent of all parties that the Agencies shall be entitled to repayment of the expenses incurred under the MOU, consistent with VCE's financial ability, in order to make the member Agencies whole as soon as practically possible.

Each agency previously advanced to VCE $500,000 to assist with funding of Initial Costs as referenced in Section 5.3.2 o f the JPA Agreement. In May 2018, VCE executed a Credit Agreement with River City Bank that included execution of Subordination Agreements by each Agency for the $500,000 loan to VCE. The subordination agreements did not include the repayment of the reimbursable costs related to services provided by the Agencies described in the MOUs.

All the costs incurred for services under the MOU have been included into VCE's financial model. Since we launched June 1st and received revenues beginning in July, consistent with the intent of the MOU's, we are paying the reimbursable expenses for July 1- December 2018 (Post-launch) in March 2019. The expenses pre-launch for City of Davis and County of Yolo will be repaid over the next 12 months for cash flow purposes. City of Woodland expenses were minimal (less than $1,000), so VCE repaid the entire amount in March 2019.

The following is a summary of the amounts due to member agencies at December 31, 2018:

SUMMARY OF AMOUNTS DUE TO MEMBER AGENCIES				
	Funding Loan (1)	**Pre-Launch Costs**	**Post Launch Costs 7/1/18-12/31/18**	**Total**
City of Davis	$ 500,000	$ 460,494	$ 145,288	$ 1,105,782
County of Yolo	500,000	95,693	14,732	610,425
City of Woodland	500,000	669	-	500,669
	$ 1,500,000	$ 556,856	$ 160,020	$ 2,216,876

Note (1) - Subordinate to River City Bank Credit Agreement

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Long Term Renewable Solicitation Short List (Information)

DATE: April 11, 2019

The purpose of this report is to provide a status update on VCE's long term renewable solicitation.

BACKGROUND/ANALYSIS

VCE's Long-Term Renewable Solicitation

On July 12, 2018 the VCE Board approved the VCE Integrated Resoure Plan (IRP) and the associated Action Plan that serves to implement the IRP. A key action in the Plan was to intiate a long term renewable energy procurement solicitation in late Summer of 2018. The IRP is located at:

https://valleycleanenergy.org/wp-content/uploads/VCEA-2018-IRP.pdf
(note: the Action Plan is included in the IRP beginning on pg 25).

Based on the direction provided by the VCE Board in approving the IRP, SMUD, on behalf of VCE, issued a solicitation in August 2018 to procure long term renewable power supply. Responses to the solicitation, which were received on September 17, 2018, included proposals from 13 developers for 32 projects, of which 23 were unique (some developers bid variants of the same project).

Pass/Fail Consideration

After compiling and consolidating the technical details from each response, projects were evaluated for Pass/Fail criteria. VCE made clear in the solicitation that projects, at a minimum, had to satisfy certain criteria to even be considered. Those criteria with effective pass/fail scoring included:

Table 1. Pass/Fail Criteria

Criteria	Pass/Fail Threshold
Siting	Projects cannot be proposed for land with a prime agricultural designation. Projects cannot be proposed for areas that are designated as Renewable Energy

	Transmission Initiative ("RETI") Category 1 or 2. Category 1 lands are those identified where development is prohibited by law or policy. Category 2 lands are those where cultural or environmental conflicts would be highly likely and/or controversial.
Development Status	Projects have to at least have filed a permit application with the relevant land use authority and received an acknowledgment of the filing from such authority. Projects have to provide evidence of site control.
Out-Of-State Resources	Projects have to be located within California.
Interconnection Status	Projects must already be in an interconnection queue and have requested full capacity deliverability for the project interconnection.

6 Projects did not make it through the pass/fail: 2 were proposed to be sited on RETI Category 2 lands; 1 did not request full deliverability with its interconnection request; 1 was out-of-state; 1 had not submitted for a permit; and finally, 1 was deemed non-compliant for not providing a fixed price bid.

Table 2 below shows a summary of the bids received by technology and the bids that made is past the pass/fail criteria.

Table 2. Bid Summary

	Unique Projects Bid		Projects Meeting "Pass" Criteria	
Renewable Technology	**#**	**Capacity**	**#**	Capacity
Photovoltaic	18	941.4 MW	16	900.4 MW
Geothermal	1	9.0 MW	0	0.0 MW
Small hydroelectric (30 MW or less)	1	5.5 MW	1	5.5 MW
Wind	3	103.5 MW	0	0.0 MW
Total	**23**	**1059.4 MW**	**17**	**905.9 MW**

Preliminary Screening

The next step was to perform a preliminary screening that was used to reduce the project list to a limited number of projects that would then receive an economic evaluation and consideration for a short list. In the preliminary screening, projects were ranked. Ranking criteria included:

Permit progress
Status of Cultural/Environmental surveys
Whether or not sensitive cultural or habitat resources were identified
CEQA status
Whether wildlife permits were needed and obtained
Location of project (northern California preferred)
Whether the project was local, regional or other

Whether project could be online and delivering energy by April 1, 2021

Only the highest ranked 9 projects were selected to move on to the short list evaluation stage.

Short List Evaluation

Economic evaluations were performed on the 9 projects, where the levelized contract prices were compared to expected value from sales of the power component back to the CAISO and resource adequacy capacity value. The result of the economic evaluations was to determine an implicit renewable premium for each project. The short term renewable PCC1 contracts that VCE has in its portfolio have an average renewable premium of $15.73/MWh for 2019 deliveries. Many of the projects bid to VCE had prices low enough that the implicit renewable premiums are negative, meaning the cost is lower than the sum of the expected energy and capacity values.)

Key factors in determining which projects to short list were:

At least one project selected could deliver any significant energy in 2020.
Whether total enegy delivered from all selected projects will meet the legal requirement for significant energy under long term contract in 2021.
Price (value)
Selection of projects to supply at least the VCE minimum 42% renewable content in 2021 (and beyond).

Short List Selection

Two projects have been selected for short listing, a 72 MW solar project, and a 40 MW solar project. Neither of the projects are considered either Local or Regional projects by VCE's definition. They both were selected for the following key reasons: The two projects provided a renewable volume totaling at least 42% of VCE overall energy portfolio starting in 2021; one of the two project will begin deliveries in 2020 in time to meet the deminimis long term contracting requirement in the 3rd RPS compliance period (2017 – 2020); Both projects had favorable pricing. No other combination of projects provided enough energy in 2021 to satisfy the RPS minimum long term contracting requirements which begin in 2021.

One of the projects is connected to PG&E's system, and the other project is connected to SDG&E's system.

The expected commercial operation date of one project is 10/1/2020, and the second is 1/1/2021.

Table 3 below shows how the expected energy production from the projects impacts VCE's renewable portfolio. Additionally, Table 3 shows the aggregate net implicit renewable premium. The negative amount shown indicates how much less the project power costs than the expected market price of brown power. Keep in mind that the current premium we pay for VCE's short term renewables is a positive $12.40/MWh. Thus the expected savings over current renewable costs is $16.20/MWh).

Table 3. Portfolio Impacts of Short Listed Projects

	PPA Capacity	2019	2020	2021	2022	2023	2024
Total Supply	112 MWs	0	37,915	326,203	326,203	326,203	327,108
VCEA Load		682,411	685,357	729,467	733,114	736,779	740,463
Incremental Contribution to Renewable Content		0%	6%	45%	44%	44%	44%
Implicit Combined Premium			$ (3.79)	$ (3.79)	$ (3.79)	$ (3.79)	$ (3.79)

Remaining Solicitation Process

Staff will be completing the short-listing process, which includes executing letters of intent, collecting short list deposits and setting up meetings with the respective project developers. The parties will then begin Power Purchase Agreement negotiations.

Staff is targeting having negotiations completed and agreements presented to the Board for approval at the June 13, 2019 meeting.

DISCUSSION

Finally, when staff comes to the Board for approval of the resulting Power Purchase Agreements, staff is planning on proposing a recommendation to the Board to proceed with Local renewable procurement efforts to add additional renewable resources to VCE's portfolio such that it can achieve a 60% renewable portfolio content well in advance of the state mandated date of 2030.