Regular Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, May 9, 2024 at 5:30 p.m.
City of Woodland Council Chambers
300 First Street, Woodland, California 95695

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

Accommodations for Persons with disabilities: Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCE Board Clerk/Administrative Analyst, as soon as possible and preferably at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@ValleyCleanEnergy.org.

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

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

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

Join meeting via Zoom:

a. **From a PC, Mac, iPad, iPhone, or Android device with high-speed internet. (If your device does not have audio, please also join by phone.)**
   https://us02web.zoom.us/j/85978236995
   Meeting ID: 859 7823 6995
b. **By phone:**
   One tap mobile:
   +1-669-444-9171,, 85978236995# US
   +1-669-900-9128,, 85978236995# US

Or Dial:
+1-669-444-9171 US
+1-669-900-9128 US
Meeting ID: 859 7823 6995

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

Board Members: Lucas Frerichs (Yolo County, Chair), Bapu Vaitla (City of Davis, Vice Chair), Tom Stallard (City of Woodland), Jesse Loren (City of Winters), Jim Provenza (Yolo County), Will Arnold (City of Davis), Tania Garcia-Cadena (City of Woodland), Richard Casavecchia (City of Winters)

Alternate Board Members: Angel Barajas (Yolo County), Donna Neville (City of Davis), Mayra Vega (City of Woodland), Albert Vallecillo (City of Winters)

5:30 p.m. Call to Order

1. **Welcome and Approval of the Agenda**
2. **Recognition of Service of Community Advisory Committee Member Marsha Baird**
3. **Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda or are listed on the Consent portion of the agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

4. **Approve April 11, 2024 Board meeting Minutes.**
5. **Receive 2023 Long Range Calendar.**
6. **Receive financial update March 31, 2024 (unaudited) financial statements.**
7. **Receive Legislative update provided by Pacific Policy Group.**
8. **Receive May 1, 2024 Regulatory update provided by Keyes & Fox.**
9. **Receive SACOG – Electrify Yolo project update.**
10. **Approve Amendment 7 to the Keyes & Fox Consultant Agreement to amend Exhibit D (Payment) not to exceed amount for the Demand Flexibility docket. (Action)**

REGULAR AGENDA

11. **Receive presentation on Resource Adequacy "Slice of Day". (Information)**

12. **Approve Load Management Standards Plan. (Discussion/Action)**
13. **Recap of CalCCA 2024 Annual Conference. (Information)**
14. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
15. **Adjournment/Announcement:** The Board's next regular meeting is scheduled for Thursday, June 13, 2024 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616.

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

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

Verbal public participation during the meeting:

1) **If attending in person**, please complete a **Comment Card** and return it to the Board Clerk.
2) **If attending remotely via Zoom**, there are two (2) ways for the public to provide verbal comments:
   A. If you are attending by computer, activate the "participants" icon at the bottom of your screen, then raise your hand (hand clap icon) under "reactions". When called upon, you will be "unmuted" to allow to speak.
   B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

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

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or

Alisa.Lembke@ValleyCleanEnergy.org. The Valley Clean Energy website is located at: https://valleycleanenergy.org/board-meetings/.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from April 11, 2024 meeting

DATE: May 9, 2024

RECOMMENDATION

Receive, review and approve the attached April 11, 2024 meeting Minutes.

Attachment: April 11, 2024 meeting Minutes

VALLEY
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MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 11, 2024

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, April 11, 2024 at 5:30 p.m. to be held at City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. VCE Chair Lucas Frerichs established that there was a quorum present and began the meeting at 5:34 p.m.

Board Members Present:	Lucas Frerichs, Bapu Vaitla, Tom Stallard, Jesse Loren, Tania Garcia-Cadena, Richard Casavecchia, Will Arnold, Jim Provenza
Members Absent:	
Welcome/Approval of Agenda/Board Clerk Administering the Oath of Office to new Member(s)	Chair Frerichs welcomed the Board members. A motion was made by Director Loren to approve the April 11, 2024 Board meeting Agenda, seconded by Director Stallard. Motion passed unanimously. VCE Board Clerk and Secretary gave the Oath of Office to Jim Provenza (Yolo County).
Recognition of Service of CAC Member Marsha Baird	Chair Frerichs announced that Marsha Baird was unable to attend. This item will be tabled to the next meeting where Ms. Baird can attend.
Public Comment – General and Consent	There were no written or verbal public comments.
Approval of Consent Agenda / Resolutions 2024-002 and 2024-003	Motion made by Director Loren to approve the consent agenda items, seconded by Director Garcia-Cadena. Motion passed unanimously. The following items were: 4. approved January 11, 2024Board meeting Minutes; 5. received 2024 long range calendar; 6. receive financial updates: A) January 31, 2024 and B) February 29, 2024 (unaudited) financial statements; 7. received legislative updated provided by Pacific Policy Group; 8. received March 2024 regulatory update dated April 3, 2024 provided by Keyes & Fox; 9. received Community Advisory Committee January 25, 2024, February 22, 2024 and March 28, 2024 meeting summaries; 10. received quarterly customer participation update;

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11. received Strategic Plan update;
12. received Enterprise Risk Management report;
13. adopted updated Conflict of Interest Code as Resolution 2024-002; 14. Authorization participation in California Community Power exploration and solicitation for Build-Own-Transfer projects and approved budget amendment;
15. approved the extension of amended and restated credit agreement with River City Bank at Resolution 2024-003; and,
16. received draft Loan Management Standard (LMS) plan update.

Item 17: Receive Calendar Year 2023 Audited Financial Statements (presentation by James Marta of James Marta & Associates)	VCE Executive Officer Mitch Sears introduced this item and introduced VCE Staff Edward Burnham. Mr. Burnham introduced Mr. James Marta of James Marta & Company, who reviewed highlights of VCE's financial audit for Calendar Year 2023. Mr. Marta provided highlights of the qualitative aspects of accounting practices, audit procedures, results of the audit, Independent Auditor's report, management's discussion and analysis, statement of new position, and, reviewed financial strengths of VCE. There were no verbal or written public comments. The Board acknowledged the receipt of: 1. the Draft Audited Financial Statements for the period of January 1, 2023, to December 31, 2023; 2. the Draft Communication with Governance Letter; and 3. the Draft Internal Control Letter
Item 18: Approve 2023 Net Margin allocation. (Resolution 2024-004)	Mr. Sears introduced this item and Mr. Burnham reviewed the 2023 Audited Net Margin allocation; the local program reserve (LPR); VCE's Customer Dividend program; and, Staff's recommendation. The Board and Staff discussed: reserves, customer generation rates, credit rating, discretionary allocation scenarios, Dividend Program formula, and Staff's recommendation. There were no written public comments. <u>Verbal Public Comment:</u> Christine Shewmaker commented that she is in agreement and supports VCE's goals, including achieving 100% renewable, and the priorities outlined of cash reserves, "returns to customers" through customer rate decreases and dividends, and local programs. She suggests setting long term goal for the returns to customers and how much is to be put into programs, thereafter revisit these goals and make adjustments to the different areas as needed and able.

Director Stallard made a motion to adopt a resolution approving the allocation of the $20.9M 2023 Audited Net Margin between cash reserves, local program reserve (LPR), and Customer Dividends program as follows:

1. $17,997,300 (90%) of Net Margin to cash reserves;
2. $1,008,500 (05%) of Net Margin to the Local Programs Reserve (LPR).
3. $1,154,200 (05%) of Net Margin to the Dividends Program in the form of increasing Rate Credits by 1% for all customers starting July 1, 2024

Motion was seconded by Vice Chair Vaitla. Motion passed as Resolution 2024-004 by the following vote:

AYES: Vaitla, Stallard, Loren, Arnold, Garcia-Cadena, Casavecchia, Provenza, Frerichs
NOES: None
ABSENT: None
ABSTAIN: None

Item 19: Receive update on Electrification Retrofit Rebate Outreach (ERRO) Program; a. approved Amendment 1 to SMUD Agreement Task Order 8 (Consulting Services) for Concierge Services; and, b. approve ERRO Programs and Concierge Service budget and 2024 Programs budget transfer. (Resolution 2024-005)

VCE Staff Rebecca Boyles provided an update on the ERRO program, provided an overview of the Concierge Service, reviewed the takeaway priorities from the Community Advisory Committee's review of the program, and reviewed next steps. The Board and Staff discussed: how to measure success of the ERRO program and Concierge Service to assist in evaluating the program; whether there was a loan program to assist customers; and, budget, costs and timeline of the ERRO program. There were no written public comments.

Verbal Public Comment: Christine Shewmaker informed those present that she electrified her home and there were some challenges, such as upgrading the electrical panel. She asked whether SMUD had the knowledge and experience to work with PG&E and provide assistance to the customer in looking for a qualified contractor.

Motion made by Director Loren to:

1. approve Electrification Retrofit Rebate Outreach Program (ERRO) Implementation Elements:
    a. Task Order Amendment (1) with Sacramento Municipal Utilities District (SMUD) for implementation and support of the Concierge Service in an amount not to exceed $184,234.
2. authorize the Executive Officer and/or his designee to execute and take all actions necessary to implement the services contracts substantially in the form attached hereto on behalf of VCE, and in consultation with legal counsel, to approve minor changes to the services contract so long as the terms and amounts are not changed.

3. approve ERRO Program & Concierge Service Budget of $270,000 and 2024 Programs budget transfer of $160,000 to ERRO Program including $70,000 in reimbursable revenues and $90,000 non-reimbursable costs (Net neutral impact 2024 Budget)

Motion was seconded by Vice Chair Vaitla. Motion passed as Resolution 2024-005 by the following vote:

AYES: Vaitla, Stallard, Loren, Arnold, Garcia-Cadena, Casavecchia, Provenza, Frerichs
NOES: None
ABSENT: None
ABSTAIN: None

Item 20: Board Member and Staff Announcements	There were no announcements from the Board Members. Mr. Sears announced that two events are coming up in May: Celebrate Davis on Friday May 17th and the California Honey Festival on Saturday, May 4th in Woodland. He informed those present that VCE Staff issued a press release to advertise for applicants on the Community Advisory Committee to fill the vacant City of Davis and unincorporated Yolo County seats and solicit applicants for At-large seats. Mr. Sears informed those present that he attended an Energy Systems Integration Group (ESIG) conference in late March held in Tucson, Arizona, representing VCE as a Community Choice Aggregator (CCA) and was on a panel on dynamic pricing and shift load. He mentioned that VCE are working with UC Davis on a few grant applications. Lastly, VCE Staff, and a few Board and CAC members will be attending CalCCA's Annual Conference in San Jose next week.
Announcement / Adjournment	The Board's next regular meeting is scheduled for Thursday, May 9, 2024 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First street, Woodland, California 95695. There being no further business to discuss the meeting was adjourned at 6:38 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2024 Long-Range Calendar

DATE: May 9, 2024

Recommendation

Receive and file the 2024 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

Attachment: 2024 Board and CAC long range calendar

VALLEY CLEAN ENERGY

2024 Meeting Dates and *Proposed* Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 11, 2024	**Board (Woodland)**	• Oaths of Office for Board Members [new Members(s) only] • Election of Officers for 2024 (Annual) • 2023 Year End Review: Customer Care and Marketing • Customer Participation Update	• Action • Nominations • Information • Information
January 25, 2024	**Advisory Committee (Woodland)**	• Customer Participation Update • Brown Act & Social Media Platforms • Review CAC Task Group "Charges" • AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works • 2024 Budgets and Rates	• Information • Information • Discussion/Action • Information • Information
~~February 8, 2024~~ **CANCELLED**	**Board (Davis)**	• **MEETING CANCELLED**	
February 22, 2024	**Advisory Committee (Davis)**	• Strategic Plan Update (Annual) • Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service (received public comment, tabled item) • Resource Adequacy – Slice of Day	• Information • Discussion/Action • Information
March 14, 2024 **CANCELLED**	**Board (Woodland)**	• Cancelled due to a lack of quorum	
March 28, 2024	**Advisory Committee (Woodland)**	• Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service • 2023 Net Margin Allocation • BioMAT Program	• Discussion/Action • Discussion • Information
April 11, 2024	**Board (Davis)**	• Strategic Plan Update (Annual) • Receive Enterprise Risk Management Report (Bi-Annual) • Customer Participation update (1st Quarter 2024) • Update to VCE Conflict of Interest Code	• Information • Information • Information • Action

		• Calendar Year 2023 Audited Financial Statements (James Marta & Co.) • 2023 Net Margin Allocation • ERRO/Concierge Service	• Action • Discussion/Action • Discussion/Action
April 16 – 18, 2024	**CalCCA Annual Conference San Jose**	VCE Staff and some Board and CAC members attending	
~~April 25, 2024~~	**Advisory Committee (Davis)**	• NO MEETING	•
May 9, 2024	**Board (Woodland)**	• Update on SACOG Grant – Electrify Yolo • Resource Adequacy "Slice-of-Day" • Load Management Standards Plan • Recap of CalCCA April 2024 Annual Conference	• Information • Information • Discussion/Action • Information
May 23, 2024	**Advisory Committee (Yolo County Community Services Dept., Cache Creek Room, Woodland)**	• Load Management Standards • Customer Participation update (1st Quarter 2024) • Reserves Policy / Dividend Program update • BioMAT Program (placeholder)	• Information • Information • Discussion/Action • Discussion/Action
June 13, 2024	**Board (Davis)**	• Re/Appointment of Members to Community Advisory Committee (Annual) • Mid-Year 2024 Financial Update • Legislative update • BioMAT Program (placeholder)	• Action • Information • Information • Information/Discussion
June 27, 2024	**Advisory Committee (Davis)**	• Power Procurement / Renewable Portfolio Standard Update • Outreach and Marketing Plan (placeholder)	• Information • Discussion/Action
July 11, 2024	**Board UC Davis – CA Lighting Technology Center, Davis**	• Status of SACOG Grant – Electrify Yolo • Customer Participation Update (2nd Quarter 2024) • Power Portfolio Renewable Content Update (*placeholder*) • Outreach and Marketing Plan (placeholder)	• Information/Discussion/Action • Information • Information/Discussion • Discussion/Action

*No meeting unless an urgent matter needs to be addressed

~~July 25, 2024~~	**Advisory Committee (Woodland)**	• NO MEETING*	
August 8, 2024	**Board (Davis)**	• NO MEETING*	
August 22, 2024	**Advisory Committee (Davis)**	• Customer Participation Update (2nd Quarter 2024)	• Information
September 12, 2024	**Board (Woodland)**	• Certification of Standard and UltraGreen Products / 2023 Power Content Label (Annual) • Enterprise Risk Management Update (Bi-annual)	• Action • Information
September 26, 2024	**Advisory Committee (Woodland)**	• Receive Board Staff Report on Certification of Standard and UltraGreen Products / 2023 Power Content Label	• Information/Discussion
October 10, 2024	**Board (Davis)**	• Update on SACOG Grant – Electrify Yolo • 2024 Operating Budget Update and 2025 preliminary Operating Budget • Customer Participation Update (3rd Quarter 2024) • Progress Update on Programs Plan and 2025 program concepts • Legislative End of Session Update	• Information • Information • Information • Discussion/Action • Information
October 24, 2024	**Advisory Committee (Davis)**	• 2023 Power Content Label outreach • Customer Participation Update (3rd Quarter 2024) • Draft 2025 Legislative Platform	• Information • Information • Discussion/Action
November 14, 2024	**Board (Woodland)**	• 2025 Operating Budget Update • 2023 Power Content Label outreach • 2025 Legislative Platform	• Information/Discussion • Information • Discussion/Action
~~November 28, 2024~~ **November 21, 2024** **(rescheduled to November 21 due to Thanksgiving holiday on Nov. 28th)**	**Advisory Committee (Woodland)**	• GHG Free Attributes • Legislative End of Session Update • 2025 Budget Update/Preview • Review and finalize CAC Task Group Year-end Reports	• Information • Information • Information • Discussion
December 12, 2024	**Board (Davis)**	• Approve 2025 Operating Budget (Annual) and 2025 Customer Rates • GHG Free Attributes • Receive VCE Grant/Program activity summary • Receive CAC Year-end Task Group Reports	• Discussion/Action • Action • Information • Information

*No meeting unless an urgent matter needs to be addressed

~~December 26, 2023~~ **December 19, 2024** **(rescheduled to December 19 due to Christmas holiday on Dec. 25th)**	**Advisory Committee (Davis)**	• 2025 CAC Task Group(s) formation (Annual) • Power Procurement / Renewable Portfolio Standard Update • Election of Officers for 2025 (Annual)	• Discussion/Action • Information • Nominations
January 9, 2025	**Board (Woodland)**	• Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2025 (Annual) • Customer Participation Update (4th Quarter 2024) • 2024 Year in review: Customer Care & Marketing	• Action • Nominations • Information • Information
January 23, 2025	**Advisory Committee (Woodland)**	• Rates/Budget 2025 Update • Customer Participation Update (4th Quarter 2024) • Review 2025 Task Group "Charges"	• Information • Information • Discuss/Action

CAC *PROPOSED* FUTURE TOPICS **Topics and Discussion dates may change as needed**	***ESTIMATED*** **MEETING DATE(S)**
Electric Vehicle Rebate Program – Phase 2	TBD
Inflation Reduction Act (IRA) opportunities	TBD
Regionalization (Information)	TBD
Self Generation Incentive Program (SGIP)	TBD
Agri-voltaics (for information only)	TBD
Status of Net Billing Tariff (NBT)/Solar Billing Plan (SBP) (as needed)	
Legislative Items (as needed)	

*No meeting unless an urgent matter needs to be addressed

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Board of Directors

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

SUBJECT: Financial Update – March 31, 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2024

DATE: May 9, 2024

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of March 1, 2024 to March 31, 2024 (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2024.

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 March 31, 2024.

<u>Financial Statements for the period March 1, 2024 – March 31, 2024</u>
In the Statement of Net Position, VCE, as of March 30, 2024, has a total of $33,583,315 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account, and $1,800,000 restricted assets related to supplier deposits. On March 31, 2022, VCE's net position was $43,738,951.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $ 6,968,163 of revenue (net of allowance for doubtful accounts), of which $6,078,046 was billed in March, and $4,499,394 represent estimated unbilled revenue. The cost of electricity for the March revenue totaled

$4,774,698. For March, VCE's gross margin was approximately 32% and the net income totaled $1,571,081. The year-to-date change in net position was 7,315,775.

In the Statement of Cash Flows, VCE cash flows from operations were $3,780,300 due to March cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending March 31, 2024
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($627,001) and -3% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter.

- Purchased Power – ($1,958,028) and -10% – favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, and lower energy prices.

- Reimbursable Revenues $605,500 (AgFIT) – unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.

- General Programs Costs $93,373 (AgFIT) – favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.

- AgFIT Programs Costs $489,687 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.

Attachments:
1) Financial Statements (Unaudited) March 1, 2024 to March 31, 2024 (with comparative year to date information.)
2) Actual vs. Budget for the year to date ending March 31, 2024

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2024

PREPARED ON MAY 1, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
MARCH 31, 2024
(UNAUDITED)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 33,583,315
Accounts receivable, net of allowance	9,147,813
Accrued revenue	4,499,395
Prepaid expenses	34,611
Inventory - Renewable Energy Credits	-
Other current assets and deposits	3,700,487
Total current assets	50,965,621
Restricted assets:	
Debt service reserve fund	1,100,000
Total restricted assets	1,100,000
TOTAL ASSETS	$ 52,065,621
LIABILITIES	
Current liabilities:	
Accounts payable	$ 419,127
Accrued payroll	109,399
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	3,924,268
Other accrued liabilities	2,044,009
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	31,591
TOTAL LIABILITIES	$ 8,326,671
NET POSITION	
Net position:	
Local Programs Reserve	$ 840,000
Restricted	1,100,000
Unrestricted	41,798,951
TOTAL NET POSITION	$ 43,738,951

VALLEY CLEAN ENERGY ALLIANCE

STATEMENT OF REVENUES, EXPENDITURES AND
March 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING March 31, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 6,968,163	$ 20,203,970
Other revenue	-	-
TOTAL OPERATING REVENUES	6,968,163	20,203,970
OPERATING EXPENSES		
Cost of electricity	4,774,698	11,513,971
Contract services	186,716	603,265
Staff compensation	172,034	408,762
General, administration, and other	321,518	521,155
TOTAL OPERATING EXPENSES	5,454,966	13,047,153
TOTAL OPERATING INCOME (LOSS)	1,513,198	7,156,817
NONOPERATING REVENUES (EXPENSES)		
Interest income	57,883	158,958
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	57,883	158,958
CHANGE IN NET POSITION	1,571,081	7,315,775
Net position at beginning of period	5,714,148	36,423,176
Net position at end of period	$ 7,285,229	$ 43,738,951

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
MARCH 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2024	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 6,968,163	$ 20,203,970
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(2,507,596)	(8,712,522)
Payments for contract services, general, and adminstration	(508,234)	(1,124,420)
Payments for member agency services	-	-
Payments for staff compensation	(172,034)	(408,762)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	3,780,300	9,958,267
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	57,883	158,958
Net cash provided (used) by investing activities	57,883	158,958
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,838,183	10,117,224
Cash and cash equivalents at beginning of period	30,845,132	28,579,933
Cash and cash equivalents at end of period	34,683,315	38,697,158
Cash and cash equivalents included in:		
Cash and cash equivalents	33,583,315	37,597,158
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	$ 34,683,315	$ 38,697,158

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
MARCH 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2024	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 1,513,198	$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(530,056)	(593,095.56)
(Increase) decrease in accrued revenue	751,521	313,839.15
(Increase) decrease in prepaid expenses	(4,732)	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(12,702)	15,756.69
Increase (decrease) in accounts payable	81,476	(54,547.41)
Increase (decrease) in accrued payroll	(17,549)	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	2,013,816	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease)security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	(14,673)	16,094.60
Increase (decrease) in advances from public purpose programs	-	
Net cash provided (used) by operating activities	$ 3,780,299	$ 3,639,825

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 03/31/24

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	$ 20,362,957	$ 21,559,000	$ (1,196,043)	-6%
Electric Revenue	$ 20,203,999	$ 20,831,000	$ (627,001)	-3%
Interest Revenues	$ 158,958	$ 122,500	$ 36,458	30%
Reimbursable Revenues	$ -	$ 605,500	$ (605,500)	-100%
Purchased Power	$ 11,513,972	$ 13,472,000	$ (1,958,028)	-15%
Purchased Power Base	$ 11,513,972	$ 12,830,000	$ (1,316,028)	-10%
Purchased Power Contingency 5%	$ -	$ 642,000	$ (642,000)	-100%
Labor & Benefits	$ 461,661	$ 408,000	$ 53,661	13%
Salaries & Wages/Benefits	$ 373,739	$ 336,000	$ 37,739	11%
Contract Labor	$ 35,000	$ 51,000	$ (16,000)	-31%
Human Resources & Payroll	$ 52,922	$ 21,000	$ 31,922	152%
Office Supplies & Other Expenses	$ 59,403	$ 74,100	$ (14,697)	-20%
Technology Costs	$ 21,081	$ 9,600	$ 11,481	120%
Office Supplies	$ 3,037	$ 3,000	$ 37	1%
Travel	$ 1,039	$ 1,500	$ (461)	-31%
CalCCA Dues	$ 32,256	$ 36,000	$ (3,744)	-10%
CC Power	$ -	$ 22,500	$ (22,500)	-100%
Memberships	$ 1,990	$ 1,500	$ 490	33%
Contractual Services	$ 507,268	$ 592,950	$ (85,682)	-14%
Other Contract Services (e.g. IRP)	$ -	$ 7,500	$ (7,500)	-100%
Don Dame	$ 1,079	$ 5,400	$ (4,321)	-80%
Wholesale Energy Services (TEA)	$ 157,196	$ 204,750	$ (47,554)	-23%
2030 100% Renewable & Storage	$ -	$ 7,500	$ (7,500)	-100%
Customer Support Call Center	$ 225,395	$ 201,000	$ 24,395	12%
Operating Services	$ 59,480	$ 15,000	$ 44,480	297%
Commercial Legal Support	$ (5,321)	$ 6,000	$ (11,321)	-189%
Legal General Counsel	$ 10,051	$ 21,000	$ (10,949)	-52%
Regulatory Counsel	$ 28,791	$ 51,000	$ (22,209)	-44%
Joint CCA Regulatory counsel	$ 8,952	$ 4,800	$ 4,152	87%
Legislative - (Lobbyist)	$ 22,000	$ 17,250	$ 4,750	28%
Accounting Services	$ (5,855)	$ 750	$ (6,605)	-881%
Financial Consultant	$ -	$ 6,000	$ (6,000)	-100%
Audit Fees	$ 5,500	$ 45,000	$ (39,500)	-88%
Marketing	$ 44,689	$ 75,000	$ (30,311)	-40%
Marketing Collateral	$ 44,689	$ 72,000	$ (27,311)	-38%
Community Engagement Activities & Sponsorships	$ -	$ 3,000	$ (3,000)	-100%
Programs	$ 334,813	$ 824,500	$ (489,687)	-59%
Program Costs (Rebates, Incentives, etc.)	$ 86,627	$ 180,000	$ (93,373)	-52%
AG Fit	$ 248,186	$ 640,000	$ (391,814)	-61%
PIPP Program	$ -	$ 4,500	$ (4,500)	-100%
Rents & Leases	$ 17,940	$ 12,300	$ 5,640	46%
Hunt Boyer Mansion	$ 17,940	$ 6,300	$ 11,640	185%
Lease Improvement	$ -	$ 6,000	$ (6,000)	-100%
Other A&G	$ 99,805	$ 184,900	$ (85,095)	-46%
Development - New Members	$ -	$ 6,300	$ (6,300)	-100%
Strategic Plan Implementation	$ -	$ 19,200	$ (19,200)	-100%
PG&E Data Fees	$ 89,195	$ 72,000	$ 17,195	24%
Insurance	$ 10,610	$ 12,000	$ (1,390)	-12%
Banking Fees	$ -	$ 75,400	$ (75,400)	-100%
Miscellaneous Operating Expenses	$ 677	$ 3,000	$ (2,323)	-77%
Contingency	$ -	$ 60,000	$ (60,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	$ 13,040,228	$ 15,706,750	$ (2,666,522)	-17%
Interest on RCB Term loan	$ -	$ -	$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	$ -	$ -	$ -	100%
NET INCOME	$ 7,322,729	$ 5,852,250		

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: May 9, 2024

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

When talking with legislative staff, committee consultants, or advocates during the month of April there is a shared sentiment that it is least favorite month of the legislative session for virtually everyone involved. Policy committees must consider thousands of bills during the month, often with little time between when amendments are put in print and when the bill is heard. The slog of multiple committee hearings occurring throughout each Monday, Tuesday, and Wednesday leads to bitter fights and resentment amongst legislators and stakeholders. There is always some bit of drama that unfolds during April, and this year that certainly occurred in the energy policy space. With a number of bills focused on the processes that the investor-owned utilities (IOUs) utilize to propose rates and how the IOUs then profit there were heated discussions in both the Senate Energy, Utilities, and Communications Committee (SEUC) and Assembly Utilities & Energy Committee (U&E). At the same time, several proposals were launched to revisit and potentially revise PUC decisions, both past present; the most notable of which is AB 1999 (Irwin) to impose to cap the Income Graduated Fixed Charge (IGFC). The U&E Committee was in possession of AB 1999 until the Assembly Speaker moved the bill back to the Rules Committee, a maneuver that blocks the bill from proceeding this session.

The drama with U&E didn't end there; Assemblymember Connolly is pursuing policy to ease the implementation of microgrids in AB 3107. The committee pushed amendments that changed the bill to have the CEC simply study barriers to and benefits of microgrids, which enabled the bill to go on the consent agenda for the final U&E hearing. However, Mr. Connolly decided to pull the bill off of consent so the bill could be presented, during the debate there were speakers in support of the bill that made untoward comments about the committee and its process. These comments prompted the U&E chair to not vote for the bill, despite the bill having a consent recommendation, and Mr. Connolly was subsequently removed as a committee member of U&E.

Elsewhere in the Legislature, the state budget continues to be the biggest problem of the 2024 session. The Legislature and Governor Newsom reached agreement on an early action budget bill, AB 106, to implement a number of cuts and deferrals that reduces the deficit by some $17 billion. AB 106 also authorized the Department of Finance (DOF) to freeze certain unspent funding that had been previously appropriated in past budgets, an authorization that DOF is beginning to utilize. Everyone is waiting with baited breath for the Governor to release his May Budget Revision by May 15, which will significantly dictate how the remainder of the session plays out.

VCE staff, the LRTG and PPG are currently examining the following bills and expect to evaluate more bills as they are identified as of interest to VCE and CCAs.

1. SB 1305 (Stern) Virtual Power Plant Procurement Mandate

Summary: The bill would require the PUC to adopt virtual power plant (VPP) procurement targets applicable to the IOUs, which would beginning January 30, 2028 and each year thereafter, be required to file a report with the PUC on its progress toward complying with the virtual power plant procurement targets.

CalCCA had some initial conversations with the author's office and the supposed sponsor, OhmConnect, to discuss the potential for amendments to remove the procurement mandate that had applied to CCAs. The amended version of the bill no longer applies to CCAs but it is one still to watch. Ultimately the author decided to not proceed with the bill being heard in the Senate Energy, Utilities & Communications Committee and the bill is now dead for the session.

Additional Information

- Next Hearing: The bill was pulled by the author from the Senate Energy, Utilities & Communications Committee and is now dead.
- VCE has yet to take an official position
- Bill language: SB 1305

2. SB 1508 (Stern) Storage Mandate

Summary: Existing law requires the CPUC to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan and to ensure that load-serving entities, among other things, ensure system and local reliability on a near-term, mid-term, and long-term basis and maintain a diverse portfolio of energy resources. This bill would require the commission to ensure that diverse energy storage duration classes are modeled and that energy storage technology that meets an energy storage class's minimum duration requirement is modeled within that class to ensure technology neutrality.

This bill was heavily amended coming out of the Senate Energy, Utilities, & Communications Committee as the original bill that went before the committee included a procurement mandate for long duration energy storage and multiday energy storage systems. The procurement mandate caused some concern but now that the mandate provision has been removed the bill is of less consequence.

Additional Information

- Next Hearing: The bill will be heard Appropriations.
- VCE has yet to take an official position.

- Bill language: SB 1508

3. AB 2368 (Petrie-Norris) Reliability

Summary: Existing law requires the Independent System Operator to ensure the efficient use and reliable operation of the transmission grid, as provided. This bill would authorize the CPUC, in coordination with the Independent System Operator, to establish resource adequacy requirements that is sufficient to maintain a one-day-in-10-year loss of load expectation. The bill also directs the CAISO to evaluate outages for insufficient generation procurement and report the findings and procurement recommendations to the PUC, CEC, and Legislature.

Additional Information

- Next Hearing: The bill will be heard Appropriations.
- VCE has yet to take an official position.
- Bill language: AB 2368

4. AB 1999 (Irwin) Income Graduated Fix Charge (IGFC)

Summary: Current law requires the CPUC, no later than July 1, 2024, to authorize a fixed charge for default residential rates that are to be established on an income-graduated basis, with no fewer than 3 income thresholds, so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. This bill would repeal the provisions described in the preceding sentence and would instead permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed $5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed $10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

In 2021, the Legislature passed AB 205, a budget trailer bill that enacted a number of energy related policies including the California Arrearage Payment Program, a new site certification process at the CEC, creation of the Strategic Reliability Reserve, an authorization to extend several once-through cooling plants, and an authorization for the CPUC to adopt new fixed charges on an income-graduated scale. The outcry from the public has emerged regarding an income-graduated fix charge as the CPUC has been working through its proceeding, and state legislators have been hearing from their constituents. AB 1999 is in response to the uproar, but it's a challenging position for legislators as many, including the author and many of the coauthors, voted for AB 205 back in 2021. The impact of the proposed IGFC on residential customers is that it appears to impact medium and low-income customers at a higher rate than anticipated, thus having the potential to impose a significant financial and affordability burden.

The bill had been in the possession of the Assembly Utilities & Energy Committee but was then pulled back to the Rules Committee, which is a move by the Assembly leadership to sit on the bill and not let it proceed this session. The CPUC's announced proposed decision to align the IGFC with one SMUD imposes took the wind out of the sails with IGFC related bills.

Additional Information

- Next Hearing: The bill was pulled back to the Assembly Rules Committee and is now dead.
- VCE Position: Watch
- Bill language: AB 1999

5. AB 2666 (Boerner) Public Utilities Rate of Return

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, including electrical and gas corporations, and requires those rates and charges to be just and reasonable. This bill would require the commission, following each general rate case test year, to review which costs, if any, each electrical corporation or gas corporation was able to reduce to achieve profits and to adjust the authorized revenue requirement in the attrition years or in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records. The bill would require the commission to establish guidelines for electrical corporations and gas corporations to calculate and report annually their actual rates of return to the commission.

The original version of this bill required investor-owned utilities (IOUs) to return to ratepayers any revenue received by the IOUs above their authorized rate of return. The bill now requires the CPUC to evaluate how IOUs are achieving cost savings against their projected costs provided in a General Rate Case (GRC) and authorizes the CPUC to either reduce the rate of return in subsequent years or in a subsequent GRC.

Additional Information

- Next Hearing: The bill will be heard Appropriations.
- VCE has yet to take an official position.
- Bill language: AB 2666

6. AB 817 (Pacheco) Brown Act Exemption for Subsidiary Bodies

Summary: This bill, until January 1, 2026, would authorize a subsidiary, defined as a legislative body that serves exclusively in an advisory capacity and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to meet remotely and be exempt from the Brown Act requirements for notice, agenda, and public participation . In order to use the exemption, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to authorize, majority vote, the subsidiary body to use remote meetings before for the first time and every 12 months thereafter.

Additional Information

- Next Hearing: The bill will be heard Senate Local Government
- VCE Position: Watch
- CalCCA Position: Support
- Bill Language: AB 817

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: May 9, 2024

Please find attached Keyes & Fox's April 2024 Regulatory Memorandum dated May 1, 2024 an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated May 1, 2024.

Valley Clean Energy Alliance

Regulatory Monitoring Report

To:	Valley Clean Energy Alliance (VCE) Board of Directors
From:	Sheridan Pauker, Partner, Keyes & Fox LLP Tim Lindl, Partner, Keyes & Fox LLP Jason Hoyle, Principal Analyst, EQ Research, LLC
Subject:	Monthly Regulatory Update
Date:	May 1, 2024

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

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, and ongoing reliability obligations.
Recent Developments: On April 18, the ALJ issued an Amended Scoping Memo and Ruling and an e-mail Correction/Clarification in the IRP proceeding. **The next IRP filing is due November 1, 2025.** Among other issues, the scope includes consideration of the Department of Water Resources (DWR) serving as a central procurement entity (CPE) for certain long lead-time (LLT) resources pursuant to AB 1373 (Stats. 2023, Ch. 367), development of the Reliable and Clean Power Procurement Program, and the need for any additional LLT resource procurement. On April 26, the ALJ issued a Ruling requesting feedback from parties on options for the initial use of the DWR as CPE for LLT resources.
Analysis: Extending the IRP filing by one year, from November 1, 2024 to November 1, 2025, allows the Commission to improve consideration of accelerated growth in electricity demand from electrification efforts, better evaluate the need for LSE procurement of LLT and other resources, and more closely align the IRP proceeding with other efforts including the resource adequacy and RPS proceedings.
Next Steps: VCE's next IRP filing is due November 1, 2025. Comments on the April 18 ALJ Ruling are due May 24 and reply comments are due June 5.
Additional Information: ALJ Ruling (Apr. 26, 2024); Amended Scoping Memo and Ruling (Correction/Clarification) (Apr. 18, 2024); D.24-02-047 (Feb. 20, 2024); D.23-12-014 (Dec. 19, 2023); Joint Expedited Petition for Modification (Aug. 9, 2023); Petition for Modification (May 30, 2023); D.23-02-040 on Procurement (Feb. 28, 2023); ALJ Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper (Sep. 8, 2022); Docket No. R.20-05-003.

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's service area). Phase 1 of this proceeding will address POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.
Recent Developments: On April 22, in Phase 1 of this proceeding, the CPUC issued D.24-04-009 on Provider of Last Resort (POLR) policies, Financial Security Requirement (FSR) updates, a new financial monitoring process, and modifications to rules regarding CCA and ESP registration and deregistration. Some revisions to the Proposed Decision clarified dates and deadlines related to IOU calculations of FSR amounts and the timing of CCA posting the new FSR amounts, require CCAs to provide an audited financial statement only once per year (in January or July, whichever comes earlier relative to the availability of the audited financial statements), and instructed CCAs to follow the regular Commission process for securing confidential treatment if Tier 2 monitoring thresholds are met. The Decision adopts CalCCA's proposed registration requirements for newly forming CCAs and directs further development of the requirements, such as a more detail explanation of the type of annual assumptions that may be included in a pro forma financial statement, to be included in a joint CCA Tier 2 advice letter.
Analysis: The Decision will significantly increase VCE's FSR amount from the current level of $147,000 to about $270,000, at least until PG&E's billing system automation upgrades are completed (potentially as soon as the end of

2025). The minimum FSR amount will likely increase because negative incremental procurement costs will no longer be netted against administrative costs.
Next Steps: The joint CCA advice letter on CCA registration requirements is due July 17. The first revised FSR posting under this Decision is due March 1, and subsequent FSR amount postings are due July 1 and January 1 of each year.
Additional Information: D.24-04-009 / Appendix (Apr. 22, 2024); Amended Scoping Ruling and Memo (Jun. 19, 2023); OIR (Mar. 25, 2021); Docket No. R.21-03-011.

Demand Flexibility
Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A will establish an income-graduated fixed charge (IGFC) for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and then expanded VCE's AgFIT Pilot throughout PG&E distribution territory.
Recent Developments: In Track B, VCE submitted a Substitute Sheet to Advice Letter 17-E to expand and modify its AgFIT Pilot as required by D.24-01-032, and PG&E submitted supplemental AL 7222-E-A on the implementation of PG&E's expansion of the AgFIT pilot throughout its territory. Public Advocates' Office protested VCE's Advice Letter, and VCE filed a reply. In Track A, the Proposed Decision will set the income-graduated fixed charge (IGFC) for customers of the large IOUs at $6/month for CARE-enrolled customers, $12/month for FERA-enrolled customers, and $24.15/month for all other customers. Comments on the Proposed Decision were filed on April 16 and reply comments were filed on April 22. In its comments, CalCCA supported the establishment of an implementation working group to allow CCAs to provide feedback on implementation as lessons are learned and recommended the Commission amend the Proposed Decision to direct the IOUs to include IGFC income tier data in existing customer reports provided to CCAs to enhance customer service.
Analysis: The Proposed Decision's IGFCs are significantly lower than many party proposals recommended, and they are expected to reduce volumetric rates for non-CARE/FERA IOU customers of PG&E by an average of $0.047/kWh, SCE by $0.046/kWh, and SDG&E by $0.068/kWh. The Proposed Decision reasons that higher fixed charges and lower volumetric rates supports beneficial electrification and decarbonization policies.
Next Steps: In Track A, a ratesetting deliberative meeting on the Proposed Decision is scheduled for May 3, and a decision on IGFCs can be no earlier than May 9.
Additional Information: VCE Substitute Sheet AL 17-E (Apr. 18, 2024); PG&E AL 7222-E-A (Apr. 17, 2024); Proposed Decision (Mar. 27, 2024); PG&E AL 7223-E (Mar. 25, 2024); PG&E AL 7222-E (Mar. 25, 2024); D.24-01-032 (Jan. 26, 2024); D.23-04-040 on electric rate design principles (May 3, 2023); D.23-04-008 (Apr. 14, 2023); Phase 1 Scoping Memo and Ruling (Nov. 2, 2022); OIR (Jul. 22, 2022); Docket No. R.22-07-005.

PG&E Asset Transfer
Background: This proceeding addresses PG&E's Application to transfer its non-nuclear generating assets to a new subsidiary, Pacific Generation, and sell up to 49.9% of its equity interest to third-party investors.
Recent Developments: No developments in the past month. The Proposed Decision (issued March 15) that would deny, in its entirety, PG&E's Application to transfer its non-nuclear generation assets to Pacific Generation was held over until the May 9 Commission meeting. The Proposed Decision concluded that PG&E's "novel and unprecedented" proposal could increase administrative costs and possibly rates by $3 million per year or more and that there was no information indicating whether the enterprise's post-transaction cost of debt would be reduced below the current cost of debt by an amount sufficient to offset the increase in administrative costs.
Analysis: CalCCA recommended that the Commission deny this Application in its entirety. The Proposed Decision adopted this recommendation and drew heavily from CalCCA's arguments in briefing to justify its rejection of the Application.
Next Steps: The Proposed Decision may be heard as soon as the May 9 Commission meeting.
Additional Information: Proposed Decision (Mar. 15, 2024); Scoping Memo and Ruling (Jan. 20, 2023); Docket No. A.22-09-018.

Diablo Canyon Cost Recovery
Background: This proceeding will establish rates effective January 1, 2025 to recover the forecast costs associated with extended operations of the Diablo Canyon Power Plant (DCPP) during the September 2023-December 2025 time period. Customers across the state – including CCA customers - will pay for the costs of extended operations at DCPP, and will be allocated the resource adequacy (RA) and greenhouse gas (GHG)-free benefits associated with those operations. PG&E proposes, in its application, certain changes to the allocation of RA and GHG-free benefits to load serving entities (LSEs). It also proposes specific uses for the volumetric performance fee revenue it will collect from customers in 2025.
Recent Developments: PG&E filed its Application on March 29, 2024, and its Amended Application on April 8, 2024.

Analysis: N/A
Next Steps: Protests or responses are due on May 8.
Additional Information: Amended Application (Apr. 8, 2024); Application (Mar. 29, 2024); Docket No. A.24-03-018.

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding will be the forum for review of VCE's next RPS Procurement Plan and RPS Compliance reports.
Recent Developments: The prehearing conference was held April 4, and the transcript was posted on April 11.
Analysis: N/A
Next Steps: The annual Assigned Commissioner's Ruling setting out the guidance for Retail Sellers' 2024 RPS Procurement Plan is expected in May 2024.
Additional Information: Prehearing Conference Transcript (Apr. 11, 2024); ALJ Ruling (Mar. 7, 2024); OIR (Feb. 1, 2024); Docket No. R.24-01-017.

RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. Track 1 is focused on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 is focused on Central Procurement Entity framework issues, including potential structural modifications, and Track 3 is focused on remaining RA capacity issues.
Recent Developments: On April 4, the CAISO submitted its Draft 2025 Local Capacity Technical Report.
Analysis: N/A
Next Steps: A proposed decision on Track 1 is expected in May and a final decision in June. The Test Year 2024 SOD Month Ahead showings are due to Energy Division on June 1 and September 1. Track 2 proposals on the CPE framework and coordination with the IRP proceeding are due May 13. The Final 2025 Local Capacity Technical Report from the CAISO is due May 8 and the Final 2025 Flexible Capacity Technical Report is also expected in early May.
Additional Information: CAISO Draft 2025 Local Capacity Technical Report (Apr. 4, 2024); ALJ Ruling (Mar. 18, 2024); CalCCA Revised Proposal (Feb. 23, 2024); Staff Report (Appendices) on SOD (Jan. 22, 2024); (Scoping Memo and Ruling (Dec. 18, 2023); Cal CCA Opening Comments on OIR (Nov. 8, 2023); OIR (Oct. 16, 2023); Docket No. R.23-10-011.

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program (MIP), potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.
Recent Developments: On April 19, the Commission issued an Order denying SCE and PG&E's Joint Application for Rehearing. Comments on the March 27 ALJ Ruling regarding stakeholder multi-property microgrid tariff proposals' alignment with the Commission's nine environmental and social justice (ESJ) action plan goals were filed on April 19.
Analysis: N/A
Next Steps: Comments on responses to ESJ questions are due May 3 and reply comments are due May 17.
Additional Information: Order denying Joint Application for Rehearing (Apr. 19, 2024); ALJ Ruling (Mar. 27, 2024); Microgrid Resources Coalition proposal, Green Power Institute proposal, Clean Coalition proposal (Dec. 15, 2023); PG&E MIP Handbook (Oct. 12, 2023); Scoping Memo and Ruling (Jul. 18, 2023); D.23-04-034 on Microgrid Incentive Program Implementation (Apr. 14, 2023); Docket No. R.19-09-009.

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026).
Recent Developments: Reply briefs on Phase II issues (pertaining to energization project costs) were filed on April 5.
Analysis: N/A
Next Steps: A proposed decision is expected late in the second quarter of 2024.

Additional Information: Case Management Statement (Feb. 26, 2024); Third Amended Scoping Memo and Ruling (Dec. 22, 2023); D.23-11-069 / Appendices (Nov. 17, 2023); Second Amended Scoping Memo and Ruling (Oct. 10, 2023); Illustrative rates (Sep. 27, 2023); Scoping Memo and Ruling (Sep. 5, 2023); PG&E's Amended Application (Mar. 10, 2022); PG&E Application (Jun. 30, 2021); Docket No. A.21-06-021.

PG&E 2024 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The April 2 Scoping Memo and Ruling consolidated all three major IOUs' ERRA forecast proceedings for the sole purpose of addressing issues related to the definition of and accounting for "fixed generation costs" in a Track 2.
Recent Developments: CalCCA, San Diego Community Power, and Clean Energy Alliance, on April 26, filed a joint motion for clarification regarding IOU and intervenor testimony timing in the procedural schedule set forth in the April 2 Ruling, and PG&E, and the IOUs filed a request for an extension of the schedule in the April 2 Ruling on April 25.
Analysis: PG&E's identified preliminary Track 2 scoping issues are centered on "allocation methodologies for Common Costs and clarification on accounting for outage costs arising from Replacement RA requirements", which could impact the allocation of PCIA-eligible portfolio costs between bundled and unbundled (i.e. CCA) customers. However, the April Scoping Memo clarified that PG&E's identified issues will not be in scope in the consolidated Track 2 of this proceeding.
Next Steps: Unless the pending motions are granted, Intervenor testimony is due May 8, opening briefs are due June 25, and reply briefs are due July 10. A proposed decision is expected in September.
Additional Information: Joint CCA Motion (Apr. 26, 2024); IOU Motion (Apr. 25, 2024); Scoping Memo and Ruling (Apr. 2, 2024); Joint Prehearing Conference Statement (Mar. 26, 2024); PG&E AL 7180-E (Feb. 15, 2024); D.23-12-022 (Dec. 19, 2023); ALJ Ruling (Dec. 18, 2023); ALJ Ruling (Nov. 20, 2023); Market Price Benchmarks (Oct. 2, 2023); Scoping Ruling and Memo (Sep. 15, 2023); ERRA Trigger Application (Jul. 28, 2023); CalCCA Protest (Jun. 16, 2023); PG&E 2024 ERRA Forecast Application (May 15, 2023); Docket No. A.23-05-012.

PG&E 2021 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: A proposed decision is expected in early 2024.
Additional Information: ALJ Ruling (Nov. 9, 2023); ALJ Ruling (Sep. 27, 2023); ALJ Ruling on schedule (Jan. 6, 2023); Assigned Commissioner's Scoping Memo and Ruling (Aug. 9, 2022); PG&E 2021 ERRA Compliance Application (Feb. 28, 2022); Docket No. A.22-02-015.

PG&E 2022 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.
Recent Developments: On April 16, an ALJ Ruling extended the deadline for briefings.
Analysis: N/A
Next Steps: The extended briefing deadlines are May 20 for Opening Briefs and June 19 for Reply Briefs. CalCCA's Motion for Commission Review remains pending.
Additional Information: ALJ Ruling (Apr. 16, 2024); PG&E and CalAdvocates Joint Motion for Settlement (Mar. 7, 2024); CalCCA Motion (Mar. 1, 2024); ALJ Ruling (Feb. 15, 2024); ALJ Ruling (Sep. 25, 2023); Scoping Memo and Ruling (Jun. 2, 2023); PG&E 2022 ERRA Compliance Application and Notice of Availability (Feb. 28, 2023); Docket No. A.23-02-018.

PG&E 2023 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.
Recent Developments: Protests to the Application were filed on April 5. CalCCA's Protest questioned PG&E's resource adequacy activity and use of banked renewable energy credits to meet minimum RPS requirements. PG&E filed the Joint Prehearing Conference Statement on April 15 identifying the agreed-upon issues and proposing a schedule.
Analysis: N/A

Next Steps: A scoping memo and procedural schedule are expected.
Additional Information: Joint Prehearing Conference Statement (Apr. 15, 2024); CalCCA's Protest (Apr. 5, 2024); PG&E 2023 ERRA Compliance Application (Feb. 28, 2024); Docket No. A.24-02-012.

EV Rates & Infrastructure

Background: This rulemaking is the successor to R.18-12-006 and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.
Recent Developments: On April 12, the Assigned Commissioner issued a Scoping Memo and Ruling identifying zero-emission freight infrastructure as the initial focus of this proceeding due to the significant load growth expected from medium- and heavy-duty vehicle charging, although additional vehicle classes and types may be added over time. As part of this effort, the Commission will evaluate prioritization criteria for charging corridors and coordinate its efforts with broader distribution planning efforts in other proceedings and those undertaken at other agencies. Additionally, the Transportation Electrification Rebate Program authorized in D.22-11-040 will be paused for reassessment in this proceeding rather than the planned Mid-Cycle Assessment, and TE Rebate Program rebates to customers may not begin in 2025. Resolution E-5314 was issued on April 19 and approved PG&E's nearly $18.8 million funding request in AL 6883-E (also AL 6883-E-A and AL 6883-E-B) for three-year a technical assistance advisory services program, Transportation Electrification Advisory Services (TEAS), to support medium-and heavy-duty (MDHD) vehicle customers.
Analysis: By targeting freight transportation, early coordinated planning will address charging-related distribution system upgrade needs primarily along prioritized highway corridors. PG&E's technical advisory services will support planning and increased adoption of MDHD electric vehicles in the state and provide additional information for further evaluation of electric vehicle charging in this transportation sector.
Next Steps: The proceeding will have multiple tracks and phases with individual scopes and schedules that will be established in future rulings. Assigned Commissioner CPUC President Alice Reynolds expects that this proceeding will last for 3 years.
Additional Information: Resolution E-5314 (Apr. 19, 2024); Scoping Memo and Ruling (Apr. 12, 2024); Draft Resolution E-5314 (Mar. 8, 2024); ALJ Ruling (Dec. 27, 2023); OIR (Dec. 20, 2023); Docket No. R.23-12-008.

Demand Response Programs (2023-2027)

Background: This proceeding addresses the IOUs' Demand Response (DR) Portfolio Applications required under D.17-12-003 for the years 2023-2027.
Recent Developments: On April 12, the Assigned Commissioner issued a Ruling directing the Lawrence Berkeley National Laboratory (LBNL) to release the Phase 4 DR Potential Study report and associated data listed in Section 2 of the Attachment, such as load-shape data, as well as the modeling code used in the study. On April 18, the Commission issued D.24-04-006, ending the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding.
Analysis: The Assigned Commissioner's Ruling found that LBNL's report complied with the Commission's energy usage data confidentiality rules. The Decision terminates the DRAM pilots because they were not found to be successful, "particularly in the areas of performance and reliability."
Next Steps: The proceeding was closed by D.24-04-006.
Additional Information: D.24-04-006 on DRAM (Apr. 24, 2024); Assigned Commissioner Ruling (Apr. 12, 2024); D.23-12-005 (Dec. 20, 2023); ALJ Ruling (Aug. 24, 2023); D.23-01-006 (Jan. 13, 2023); Scoping Memo and Ruling (Dec. 19, 2022); D.22-12-009 (Dec. 6, 2022); Ruling consolidating Applications (May 25, 2022); PG&E Application (May 2, 2022); Docket No. A.22-05-002.

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. D.20-03-027 established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. D.21-11-002 adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. The current Phase 3B will consider building decarbonization efforts regarding the reasonableness of modifying or ending electric line extension allowances, refunds, and discounts for "mixed-fuel" new construction (i.e., building projects that use gas and/or propane in addition to electricity).
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: Phase 3B concluded with issuance of D.23-12-037, and an updated scoping memo and procedural schedule is expected.

Additional Information: TECH Clean California Annual Report (Mar. 13, 2024); D.23-12-037 (Dec. 21, 2023); Amended Scoping Memo and Ruling (Jul. 26, 2023); D.23-02-005 (Feb. 3, 2023); D.21-11-002 (Appendices A-E) Decision on Building Decarbonization Phase II (Nov. 9, 2021); D.20-03-027 Establishing Building Decarbonization Pilot Programs (Apr. 6, 2020); OIR (Feb. 8, 2019); Docket No. R.19-01-011.

Other Dockets

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

Docket	Name	Status
R.18-07-003	RPS Rulemaking	On April 8, the Energy Division Staff provided formal approval of VCE's 2023 RPS Procurement Plan in a Notice of Approval. On April 17, the CPUC issued a Proposed Decision, scheduled to be heard at the May 30 Commission meeting, that would close R.18-07-003.
R.21-10-002	RA Rulemaking (2023-2024)	The proceeding was closed by D.23-12-038, and closed again by issuance of D.24-03-004 (issued March 12, 2024) denying the California Large Energy Consumers Association's Petition for Rehearing.
A.21-03-008	PG&E 2020 ERRA Compliance	The proceeding was closed by D.23-12-019 in December 2023.
R.18-12-006	Transportation Electrification	The proceeding was closed by the December 2023 OIR establishing R.23-12-008, but it was re-opened to address a Petition for Modification (PFM) of D.22-11-040. A Proposed Decision, issued April 26, would deny the PFM at the Commission's May 30 meeting.
R.21-10-001	Utility Safety Culture Assessments	The proceeding has been inactive since July 2023 and is awaiting issuance of a proposed decision.
R.23-03-007	Wildfire Fund NBC 2024-2026	The next 90-day Notice for the 2025 Wildfire NBC is expected in September 2024.
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006, but SCE's Petition for Modification of D.23-06-006, filed on September 12, 2023, that requests clarification on certain points regarding the valuation of previously banked RECs, remains outstanding.
I.15-08-019	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, 2023 the CPUC issued D.23-05-009 adopting the Safety Policy Division's Modified Staff Report and closing the proceeding.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group. PG&E's Q1 2024 Quarterly Report
A.20-10-011	Commercial EV Real-Time Pricing Pilot	Opt-in enrollment for the real-time pricing export compensation pilot was extended and now expected to begin by February 28, 2025. A status update is due by August 28, 2024. D.23-07-003 closed the proceeding.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 9

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: SACOG Grant - Electrify Yolo Update

DATE: May 9, 2024

RECOMMENDATION
Informational item. The purpose of this report is to give an update on the status of the Electrify Yolo (SACOG grant) project.

BACKGROUND
In December 2018, the Sacramento Area Council of Governments (SACOG) authorized the award of a Green Region grant in the amount of $2,912,000, representing the regional "Electrify Yolo" project, with the purpose of installing publicly accessible electric vehicle (EV) charging stations. The City of Davis distributed funds to each entity once the Memoranda of Understanding (MOUs) were approved by each jurisdiction. All projects are to be finished by December 31, 2023.

The project goals include:

- 15-40 Level 2 chargers
- 2-5 DC Fast Chargers
- 2-10 Mobile Chargers
- Purchase or Lease of One or More Electric Vehicles

UPDATES
Each jurisdiction is making progress toward meeting its obligations under the grant. All MOUs were signed (Davis, VCE/Winters, Woodland, unincorporated Yolo County) as of April 2021, and some EV charger installation projects have begun, and some are finished.

VCE Staff is working with each jurisdiction to design banners to be hung at each charging station with logos of all project partners, as well as permanent aluminum signs. Temporary banners will inform members of the public that there will be EV chargers coming soon in that location and aim to increase the public's brand association with VCE and electric vehicles. Banners have been hung in Winters at the Community Center charging stations, as well as a permanent aluminum sign.

COVID-19 Pandemic Impacts:

Each jurisdiction experienced impacts related to the COVID-19 pandemic and the shelter-in-place order on Yolo County. Work was delayed as resources were shifted to emergency response and other high priority projects. With the movement of the State to rescind emergency orders and the re-opening of most of the jurisdictions, the project partners are once again moving forward with consultant, siting, procurement and installation efforts. However, due to significant delays with several of the projects, not all jurisdictions may complete their projects by December 31, 2023, and the group has requested a one-year extension from SACOG.

Fund Expenditures:

10/26/2021	$ 266,430.00	Expense by City of Davis for contract with Frontier Energy			
	6/30/2022	$ 269,600.00	City Payment to Yolo County as part of the agreement		
	6/30/2022	$ 79,500.00	City Payment to Valley Clean Energy as part of the agreement		
	5/1/2023	$ 106,067.19	City Payment to Yolo County as part of the agreement		
	6/1/2023	$ 120,309.55	EV Bus - City of Davis PO #88202		
	10/5/2023	$ 70,500.00	City Payment to Valley Clean Energy as part of the agreement		
Total Expenditures & Encumbrances		$ 912,406.74			
	PARTNERS	Funding available per MOU	Current Expenditure	Current Balance	
	VCE/WINTERS	$ 150,000.00	$ 150,000.00	$ -	Payment to VCE for Winters expenditures provided by City of Davis 6/30/22 and 10/5/23
	WOODLAND	$ 150,000.00		$ 150,000.00	
	YOLO	$ 700,000.00	$ 375,667.19	$ 324,332.81	Payment to Yolo County Provided by City of Davis 6/30/22 (269,600) and 5/1/23 (106,067.19)
	DAVIS	$ 1,912,000.00	$ 386,739.55	$ 1,525,260.45	Current cost for Contract for City of Davis and Frontier Energy as of 6/28/22 and EV bus 6/1/23
	TOTAL	$ 2,912,000.00	$ 912,406.74	$ 1,999,593.26	

Partner Updates

City of Davis:

As part of the SACOG grant for the Electrify Yolo Project, there was a requirement for the purchase or lease of one or more electric vehicles to transport eight or more people. It was determined that a Ford E-Transit van, equipped to transport a wheelchair and other passengers, would be the best option. After a recall was issued on certain van equipment, delivery of the van was delayed by approximately three months. The van was finally delivered in late February 2024, at a total cost of $120,301, which is paid for by the grant. The van, which was in service by April 1, 2024, will be used for to transport disabled community members within City's service area, which is within one mile of active regular service fixed route bus lines. An L2 charger was installed at the corporation yard located at 1818 Fifth Street in Davis, where this vehicle will be stored.


Fig 1. and Fig 2. The City of Davis' new electric van and charger, March 2024

<u>City of Winters:</u>
The City of Winters is finished with its two selected sites. The two separate locations for the charging stations are the Winters Community Center parking lot, located at 201 Railroad Ave., and the City parking lot at the corner of First St. and Abbey St. The Community Center has two Level 2 double chargers replacing existing chargers. The second location is a new parking lot that has one level 2 double charger and one 50kw level 1 fast charger.

<u>City of Woodland:</u>
The City of Woodland was apportioned $150,000 to install at minimum two Level 2 EV charging stations that are accessible to the public. Site selection and feasibility studies are complete, with the site being City of Woodland public parking lot near 430-434 College St, Woodland CA 95695. PG&E has approved plans and is waiting on installment. The site is prepped and ready for switch gear (the last piece needed for the install) and charger installation; however, the switch gear delivery has been delayed several times since late 2023. The City is working with the manufacturer to expedite delivery as soon as possible.

<u>County of Yolo:</u>
- 137 N. Cottonwood St. (Bauer Building) Woodland – 2-Dual Chargers. Construction/Installation completed in mid -February 2023. Chargers are activated and being utilized. This project is complete.
- 600 A St. Davis – 1-Dual Charger – Permitting complete. Construction/Installation completed in early May 2023. Charger is activated and being utilized. This project is complete.
- 315 E. 14th St. Davis - 1-Dual Charger – Construction/Installation completed in August 2023. Charger is activated and being utilized. This project is complete.
- 25 N. Cottonwood St. (Gonzalez Building) – 2-Dual Chargers. Project on hold.

- New Project: County will install two level 2 dual charging stations as part of the new Knights Landing Community Park. Park construction is planned to be completed Spring/Summer 2024 and will include the charger installation.

Fig. 3 600 A St. Davis – 1-Dual Charger, finished March 2023.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

To: Board of Directors

From: Mitch Sears, Executive Officer

Subject: Keyes & Fox – contract amendment for the Demand Flexibility Docket increase

Date: May 9, 2024

RECOMMENDATION
Adopt a resolution authorizing the Executive Officer, in consultation with VCE Legal Counsel, to execute Amendment Seven (7) increasing the total amount not to exceed for the demand flexibility docket by an additional $37,000 for 2024.

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

- Amendment 1: on January 23, 2019 (Resolution 2019-001) provided for a term starting January 1, 2019 expiring December 31, 2019 increasing the total amount not to exceed by an additional $142,600;
- Amendment 2: on February 13, 2020 (Resolution 2020-002) provided for a term starting January 1, 2020 expiring June 30, 2020 increasing the total amount not to exceed by an additional $88,300;
- Amendment 3: on June 11, 2020 (Resolution 2020-017) provided a term starting July 1, 2020 expiring June 30, 2021 increasing the total amount not to exceed by an additional $180,800;
- Amendment 4: on June 10, 2021 (Resolution 2021-013) provided a term starting July 1, 2021 expiring June 30, 2022 increasing the total amount not to exceed by an additional $177,000;
- Amendment 5: on July 14, 2022 (Resolution 2022-019) provided a term starting July 1, 2022 expiring December 31, 2023 increasing the total amount not to exceed by an additional $287,500.
- Amendment 6: on December 14 2023 (Resolution 2023-015) extended the Keyes & Fox contract one (1) year covering the time period of January 1, 2024 through December 31, 2024 and increased the not to exceed amount by an additional $278,000, for a total cumulative amount not to exceed of $1,220,867 since 2018.

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

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

The recommended Seventh Amendment Seven (7) increases the total amount not to exceed for the demand flexibility docket by an additional $37,000 for 2024 related to AgFit expansion regulatory requirements. Accordingly, Exhibits D – Payment have been updated. All other provisions remain unchanged.

FISCAL IMPACT

Staff will return in June for a summary of all AgFit expansion costs for a general programs budget transfer to current accounted for in VCE's 2024 Budget.

ATTACHMENTS

1. Resolution 2024-XXX including the following exhibits:
    a. Seventh (7th) Amendment
    b. Amended Exhibit D - Payment

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-____

A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE APPROVING THE SEVENTH (7^{TH}) AMENDMENT TO THE KEYES & FOX LLP AGREEMENT FOR REGULATORY COMPLIANCE AND ADVOCACY LEGAL SERVICES AND AUTHORIZING VCE'S EXECUTIVE OFFICER TO EXECUTE THE AMENDMENT

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

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

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

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

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

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

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

WHEREAS, on July 14, 2022 Amendment Five (5) to the Keyes & Fox LLP agreement was approved extending the term eighteen (18) months to expire on December 31, 2023 to align with the

Budget Calendar Year 2023, revising the scope of services, and increasing the total amount not to exceed by an additional $287,500;

WHEREAS, on December 14, 20233 Amendment Six (6) extended the Agreement for one (1) year to expire on December 31, 2024, revises the scope of services, and increases the total amount not to exceed by an additional $278,000 for 2024, or a total cumulative amount not to exceed of $1,220,867;

WHEREAS, Amendment Seven (7) increases the total amount not to exceed for the demand flexibility docket by an additional $37,000 for 2024.

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

1. Authorizes the VCE Executive Officer, in consultation with VCE Legal General Counsel, to finalize, approve and execute on behalf of VCE the Seventh (7th) Amendment to the Keyes & Fox LLC Agreement increasing the total amount not to exceed for the demand flexibility docket by an additional $37,000 and update the Exhibit D, as set forth in Attachment A – Seventh Amendment to Keys & Fox LLC Agreement, with any clarifying or clerical revisions requested by the Executive Officer and approved by General Counsel.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____________ 2024 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Lucas Frerichs, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment A: Seventh (7th) Amendment to Keyes & Fox LLC Agreement

ATTACHMENT A

Seventh (7TH) AMENDMENT TO KEYES & FOX LLC AGREEMENT

SEVENTH AMENDMENT

TO THE AGREEMENT FOR CONSULTANT SERVICES

BETWEEN

VALLEY CLEAN ENERGY ALLIANCE

AND

KEYES & FOX LLP

1. Parties and Date.

This Seventh Amendment to the Consultant Services Agreement ("7th Amendment"), is made and entered into as of this [__] day of May 2024, by and between **Valley Clean Energy Alliance**, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 ("VCE") and Consultant, **Keyes & Fox LLP**, a Limited Liability Partnership, with its principal place of business at 580 California Street, 12th Floor, San Francisco, California 94104 ("K&F"). VCE and K&F are sometimes individually referred to as "Party" and collectively as "Parties."

Recitals.

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

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

approved Resolution 2023-015 approving Amendment No. Six, extending the term by twelve months for an expiration date of December 31, 2024, and increased the not to exceed amount by an additional $287,500 (collectively referred to as “Agreement”). Cumulatively, the Agreement to date (up to and including Amendment No. 6) provides that the total amount not to exceed is $1,220,867.

3. VCE and K&F now desire to further amend the Agreement to replace Exhibit D to Amendment No. 6 in its entirety with Exhibit D attached hereto. Such amendment shall increase the not to exceed amount for the Demand Flexibility OIR task from $45,000 to $82,000.

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

1. <u>Amendment</u>. Exhibits D of the Agreement is hereby replaced in its entirety by the Exhibit D attached hereto, which is incorporated herein.

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

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

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

IN WITNESS WHEREOF, the Parties have entered into this Seventh Amendment as of the [__] day of May 2024.

VALLEY CLEAN ENERGY ALLIANCE

By: ____________________________
Mitch Sears
Executive Officer

KEYES & FOX LLP

By: ____________________________

Its: Partner

Printed Name: Sheridan Pauker

APPROVED AS TO FORM:

By: ____________________________
Inder Khalsa
VCE Attorney

<u>EXHIBIT D</u>

PAYMENT

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

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

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

Services Keyes & Fox LLP Will Provide	Fee Structure
<u>Task 1</u>: Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.	Billed hourly with a Do-Not-Exceed of $5,500
<u>Task 2</u>: Review compliance filings to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2023 RPS Compliance Report; (2) Final 2023 and Draft 2024 RPS Procurement Plans; (3) D.19-11-016, D.20-12-044, D.21-06-035, D.23-02-040 and additional reliability procurement compliance requirements and reporting; (4) Power Content Label Review (October 2024); (5) Energy Storage Procurement Tier 2 Advice Letter (January 2024); (6) Emission Performance Standard Advice Letter (February 2024); (7) Supplier Diversity Report (March 2024); (8) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2024), (9) Annual Data Privacy Report (April 2024), (10) SB 255/GO 156 Supplier Diversity Report (March 2024), and (11) 2024 Integrated Energy Policy Report Electricity Resource Planning Forms (August/September 2024). Once complete, K&F will submit the above-referenced filings and complete required service to appropriate regulatory authorities on behalf of VCE.	Billed hourly with a Do-Not-Exceed of $65,000
<u>Task 3</u>: Support VCE staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (as listed in Exhibit A), notifying VCE in a timely manner of issues arising in those proceedings that will critically impact VCE, and attending monthly Board Meetings to explain such issues, if necessary, and (ii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCE's compliance obligations.	Billed hourly with an annual Do-Not-Exceed of $33,000
<u>Task 4</u>: Review contracts entered between VCE and third parties. PPA negotiations will be billed to separate matters and are not included within this task.	Billed hourly with a Do-Not-Exceed of $17,000

Services Keyes & Fox LLP Will Provide	Fee Structure
Task 5: 2024 Integrated Resource Plan (IRP) development, drafting, legal review and filing.	Billed hourly with a Do-Not-Exceed of $40,500
Demand Flexibility OIR: Advocate for the expansion of VCE's AgFIT pilot in R.22-07-005. Anticipated tasks include: comments and reply comments on Proposed Decision, evidentiary filings, ex parte meetings, coordination with other parties, possible Advice Letter preparation or response to Advice Letter.	Billed hourly with a Do-Not-Exceed of $82,000
Miscellaneous: Miscellaneous compliance, advocacy, research and analysis tasks not otherwise listed above.	Billed hourly with a Do-Not-Exceed of $35,000

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

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

Keyes & Fox LLP 2024 Hourly Rate Sheet

Attorneys

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

Non-Attorneys

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

+ Rates with a plus sign are transactional/compliance rates
* Rates with an asterisk are expert witness rates

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

To: Board of Directors

From: Sierra Huffman, Program & Community Engagement Analyst
Mitch Sears, Executive Officer

Subject: Approval of VCE's Load Management Standards Plan

Date: May 9, 2024

Recommendation
Approve VCE's draft Load Management Standards (LMS) Plan.

Background
The California Energy Commission's (CEC) LMS are intended to help integrate renewables on the grid by aligning electricity use with generation and capacity. The CEC's goals are to improve air quality, help mitigate future climate change and create downward pressure on electric rates. LMS strives to achieve these goals by encouraging the use of energy at off-peak hours (e.g. AgFIT dynamic pricing pilot), the control of daily and seasonal peak loads to improve electricity system efficiency and reliability, reducing or delaying the need for new electrical capacity, and reducing fossil fuel consumption and greenhouse gas emissions.

The CEC requires that load-serving entities offer rates or programs structured according to the LMS. To meet the LMS, VCE is allowed to either create its own rates or programs or participate in PG&E's programs and rate offerings. The standards apply to major entities such as large investor-owned utilities (IOUs), large publicly owned utilities (POUs), and large CCAs that provide over 700 GWh of electricity annually. Note: Since launching in 2018 VCE's annual load fluctuates just above/below this threshold depending on the weather and water year.

The CEC's primary objectives of the LMS encompass:

1. Ensuring the accuracy of existing and future time-varying rates in the Market Informed Demand Automation Server (MIDAS) rate database, which is publicly accessible and machine readable.
2. Developing a standard rate information access tool to support third-party demand response and load management services.
3. Creating and submitting location marginal price-based rates that change at least hourly to reflect marginal wholesale costs.
4. Integrating information about new time-varying rates and automation technologies into existing customer education and outreach programs.

<u>VCE Load Management Standards Plan</u>
VCE's attached Load Management Standards (LMS) Plan is intended to address the requirements of the CEC's LMS by evaluating marginal cost-based rates for VCE's customers based on:

1. Cost effectiveness
2. Equity
3. Technological feasibility
4. Benefits to the grid and to customers

VCE has experience with this type of rate structure in its implementation of the AgFIT hourly dynamic rate pilot, which is entering its third year of operation.

Analysis
VCE's evaluation of the criteria above indicates that there is currently insufficient data available to recommend the development and implementation of one or more marginal cost-based rates for all customer classes. Even though VCE has the most experience of any energy provider in California in implementing marginal cost-based rates based on its AgFIT pilot, staff is recommending the deferral of new marginal rates until a more robust study and pilot process can be completed. Without a comprehensive cost-of-service rate design study, which would require the use of a third-party consultant at significant cost, VCE is limited to a primarily qualitative evaluation of the criteria set forth in the LMS. The qualitative evaluation provided in the attached report is intended to serve as an initial step in complying with the CEC's LMS requirements and will be revisited over time as new data and information become available.

VCE remains committed to the overall goals of the LMS, including aligning electricity use with generation and capacity using energy storage, improving air quality, helping to mitigate future climate change, and creating downward pressure on electric rates. This commitment is demonstrated through the participation in and offering of dynamic rate programs including the AgFIT pilot program and pilot expansions. Looking ahead, staff recommends that VCE remains flexible and open to adjustments as new information and opportunities emerge. Staff will assess opportunities to uphold reliability and align with the State's goals in a manner that is consistent with VCE's goal to best support our customers.

As required under the CEC's order, VCE will review this plan every three years after its adoption and submit a plan update to the Board if there is a material change to its evaluation of the factors noted above pursuant to 20 CCR § 1623.1(a)(1)(C).

Attachment:
Draft VCE Load Management Standard (LMS) plan

Load Management Standards 2024 Compliance Plan

Valley Clean Energy Alliance

DRAFT 4/1/24

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1. Introduction

This plan is intended to address the requirements of the California Energy Commission's (CEC) Load Management Standard (LMS) by evaluating the cost effectiveness, equity, technological feasibility, benefits to the grid, and benefits to customers of marginal cost-based rates for Valley Clean Energy Alliance's (VCE) residential, commercial, and agricultural customer classes.[1] VCE will review this plan every three years after its adoption and submit a plan update to the Board if there is a material change to its evaluation of the factors noted above pursuant to 20 CCR § 1623.1(a)(1)(C).

Based on the evaluation of the factors discussed in the sections below, VCE has determined that it does not have sufficient information at this time to conclude that proposing and implementing marginal rates following the adopted LMS amendments' schedule would be cost effective or provide incremental benefits to VCE customers or the grid. Though results for VCE's AgFIT dynamic rates pilot have been encouraging, as noted in its July 2022 comments to the CEC during its consideration of the LMS, significant uncertainties exist related to a gap in dynamic rate pilot evaluation results and data in VCE's and Pacific Gas & Electric's (PG&E) service area, the level of incremental load shift potential, customer response to market price risks, and customer acceptance of a complex new rate design.

1.1 About VCE

VCE was formed as a Joint Powers Authority (JPA) of the City of Davis and County of Yolo in 2016. The City of Woodland joined the JPA in June 2017, and the City of Winters joined in 2021. The members formed VCE for the purpose of implementing a community choice aggregation (CCA) program to allow VCE to provide electric generation service within their respective jurisdictions. VCE initiated customer service on June 1, 2018. VCE currently serves nearly 61,000 customers or about 90% of the customers within its territory. VCE provided just under 700,000 MWh of power to its customers in 2023. VCE promotes long-term electric rate stability and energy security while reducing reliance on fossil fuels and stimulating our local economies.

VCE is a public agency that sources competitively priced electricity from clean and renewable energy resources. Through its dedicated Board and staff, VCE is steadfast in reducing greenhouse gas emissions by accelerating the transition to 100% renewable energy, while maintaining competitive rates. Committed to addressing the effects of climate change, VCE is investing in the development of a renewable and reliable grid that supports the electrification of sectors such as transportation, agriculture, and buildings, as well as incentivizing change through innovative customer benefiting programs.

1.2 VCE's Board of Directors

VCE's Board of Directors is comprised of eight seats, two each from its four member agencies across Yolo County. The Board directs the strategic vision, budget, rates, power procurement and major non-power-procurement capital expenses, as well as oversees contracts and policies to ensure effective administration.

[1] California Code of Regulations, Title 20, § 1623.1(a)(1)(A).

In fulfilling the state's climate policies, the Board has directed VCE to pursue the following:

1. **Procurement Strategy:** Commitment to serving 100% of retail sales with renewable energy by 2030.[2]
2. **Resource Adequacy Hedging**: Support for a structured approach ensuring system reliability through various measures, including investment in energy storage, baseload renewable energy technologies, and demand response.
3. **Ratemaking Discretion:** Aligning competitive and stable generation rates with state climate policies.

2. Load Management Standards

The Warren-Alquist Act of 1974 established the CEC and granted it with specific authority, including the ability to review and approve the siting of power plants, set efficiency standards for buildings and appliances, and establish load management standards.

In October 2022, the CEC adopted amendments to its LMS (California Code of Regulations, Title 20, §§ 1621-1625), effective April 1, 2023.[3] The amendments are designed to help integrate renewables on the grid by aligning electricity use with generation and capacity using energy storage, with the goals of improving air quality, helping to mitigate future climate change, and creating downward pressure on electric rates. LMS strives to achieve these goals by encouraging the use of energy at off-peak hours, encouraging the control of daily and seasonal peak loads to improve electricity system efficiency and reliability, reducing or delaying the need for new electrical capacity, and reducing fossil fuel consumption and greenhouse gas emissions.[4]

LMS does not set rates, but instead require that load-serving entities subject to 20 CCR § 1623.1 offer rates or programs structured according to the LMS requirements. The standards apply to major entities such as large investor-owned utilities (IOUs), large publicly owned utilities (POUs), and large CCAs, who provide over 700 GWh of electricity annually. To meet the LMS, CCAs are allowed to either create their own rates or programs or participate in already existing IOU programs and rate offerings. To meet the LMS, CCAs are allowed to either create their own rates or programs or participate in already existing IOU programs and rate offerings.

The CEC's primary objectives of the LMS encompass:

1. Ensuring the accuracy of existing and future time-varying rates in the Market Informed Demand Automation Server (MIDAS) rate database, which is publicly accessible and machine-readable.

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[2] Valley Clean Energy 2021-2025 Strategic Plan at 3 (September 14, 2023). Available at: https://valleycleanenergy.org/wp-content/uploads/2021-2025-Strategic-Plan-Minor-Update-9-14-2023.pdf.

[3] California Energy Commission (CEC) Resolution No. 22-1012-2, October 12, 2022. Available at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=246501&DocumentContentId=80688. See also, October 12, 2022 CEC Meeting Transcript at 65-66. Available at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=247487&DocumentContentId=81884.

[4] California Code of Regulations, Title 20, § 1623.1(a)(1).

2. Developing a standard rate information access tool to support third-party demand response and load management services.
3. Creating and submitting location marginal price-based rates that change at least hourly to reflect marginal wholesale costs.
4. Integrating information about new time-varying rates and automation technologies into existing customer education and outreach programs.[5]

Objective 3 is an important feature in the CEC's LMS. To support demand flexibility, the LMS directs load-serving entities to adopt marginal-cost based rates, if such rates are determined to be cost-effective, equitable, technologically feasible, and beneficial to the grid and customers. Marginal-cost based rates, commonly linked to the wholesale price of electricity, are determined by factors like fuel costs, weather, renewable generation output, and the total demand for electricity at a specific time. These rates fluctuate during the day, reflecting real-time grid conditions.

Table 1: LMS Standards and Associated Deadlines

Due Date	Regulatory Requirement	LMS Reference
April 1, 2023	LMS Effective Date	
July 1, 2023 (Completed)	Within 3 months of the effective date, upload existing time-dependent rates to the MIDAS database.	§ 1623.1(c)
April 1, 2024 (Completed)	Within 1 year of the effective date, develop and submit to the Board a plan addressing how VCE will meet the requirements of the LMS, including an evaluation of marginal cost-based rates and programs. The Board must consider adoption of the plan within 60 days of submittal.	§ 1623.1(a)(1)
30 days after Board adoption (In Progress)	Submit approved plan to Executive Director of the CEC and respond to requests for additional information and/or recommendations within 90 days of receipt.	§ 1623.1(a)(3)(A)
April 1, 2024	Within 1 year of the effective date, provide customers with access to their Rate Identification Number (RIN) on billing statements and online accounts using both text and QR code.	§ 1623.1(c)(4)
October 1, 2024	Within 18 months of the effective date, develop and submit to the CEC, in conjunction with other obligated utilities, a single statewide standard tool for authorized rate data access by third-party providers, and the terms and conditions for using the tool. Upon CEC approval, maintain and implement the tool.	§ 1623.1(c)(2)

[5] California Energy Commission. "Load Management Standards." Accessed February 2024. https://www.energy.ca.gov/programs-and-topics/topics/load-flexibility/load-management-standards

October 1, 2024	Within 18 months of the effective date, submit a list of load flexibility programs deemed cost effective by VCE to the Executive Director of the CEC. The program portfolio must provide at least one option to automate response to MIDAS signals for each customer class where VCE's Board has determined such a program would materially reduce peak demand.	§ 1623.1(b)(3)
April 1, 2025 and annually thereafter	Submit annual reports to the Executive Director of the CEC demonstrating implementation of VCE's plan, as approved by the Board.	§ 1623.1(a)(3)(C)
July 1, 2025	Within 27 months of the effective date, submit at least one marginal cost-based rate to VCE's Board for any customer class(es) where such rate will materially reduce peak load.	§ 1623.1(b)(2)
July 1, 2027	Within 51 months of the effective date, offer customers voluntary participation in either a marginal cost-based rate, if approved by VCE's Board, or a cost-effective load flexibility program.	§ 1623.1(b)(4)
Ongoing	Conduct a public information program to inform and educate affected customers on why marginal cost-based rates or load flexibility programs and automation are needed, how they will be used, and how these rates and programs can save customers money.	§ 1623.1(b)(5)
Triennially	Review the plan at least once every 3 years after the date of adoption and submit a plan update to the Board if there are any material changes.	§ 1623.1(a)(1)(C)

2.1 VCE's Compliance Plan Administration

Section 1623.1(a) requires each Large CCA to submit to its rate-approving body a compliance plan that is consistent with the applicable requirements of the LMS regulation. The plan must be submitted within one year of the regulation effective date, which is April 1, 2024, and must be considered for adoption by the rate-approving body in a duly noticed public meeting within 60 days of submission.

This Plan meets the requirements of the CEC regulation, Section 1623.1(a). The description of how VCE complies with each of the elements is provided in the subsequent sections. The draft Plan was submitted to the Board on April 1, 20244, and will be presented to the VCE Board for consideration at duly noticed meeting on May 9, 2024.

2.2 CEC Review Process

Section 1623.1(3)(A) specifies that, upon adoption by the CCA rate approving-body, the plan must be submitted to the CEC Executive Director within 30 days for review. Note that the VCE Board is the sole authority to approve rates; the CEC's role is limited to determining whether the plan that the VCE Board has adopted complies with the regulation. Following the Plan presentation and adoption by the VCE's

Board on May 9, 2024, the Plan will be submitted to the CEC by June 9, 2024, for review. Any requests for additional information or recommended changes will be addressed and a written response submitted to the CEC within 90 days as required in the regulation.

2.3 Triennial Plan Review

Section 1623.1(a)(1)(C) requires each Large CCA to review its compliance plan at least once every three years. Where there is a material change to the factors considered in evaluating marginal cost-based rates and programs, the Large CCA must submit a plan update to its rate-approving body. Material revisions to the plan shall follow the same process as the initial plan approval.

This Plan will be reviewed every three years following the date of adoption and material Plan updates will be submitted to the VCE Board for consideration. This Plan and any approved material updates will be duly submitted to the CEC.

2.4 Annual Reporting

Section 1623.1(a)(3)(C) requires each Large CCA to submit annual reports to the CEC Executive Director demonstrating implementation of its Load Management Standards compliance plan. Each CCA must submit the initial report one year after adoption of the plan by the CCA's rate-approving body, and annually thereafter. Annual reports will be submitted to the CEC Executive Director describing the implementation of this Plan.

3. Rate Design & Deployment

CCA governing boards have jurisdictional control over rate-setting on behalf of their customers. Public Utilities Code Section 366.2(c)(3) provides that CCAs retain jurisdiction for setting rates for the electricity they purchase on behalf of their communities. This local control empowers CCAs to tailor energy programs, determine pricing structures, and prioritize renewable energy sources according to the preferences and goals of the communities they serve. VCE strives to stay competitive with Pacific Gas and Electric's (PG&E) rates. To this end, in January 2024 the VCE Board approved a 1% rate reduction on generation rates, in comparison to PG&E's generation rates, for all customers. VCE's most vulnerable community members which include customers enrolled in California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and Medical Baseline currently see an even greater generation rate reduction of 3.5%.

In consideration of any rate modifications or additions, VCE will work to ensure that charges to the customer stay competitive with PG&E's generation rates.

3.1 Marginal Rate Requirements

Section 1623.1(b)(2) of the LMS directs each Large CCA, by July 1, 2025, to seek approval from its Board for at least one marginal cost-based rate or cost-effective program for which its rate-approving body determines will materially reduce peak load. The rate(s) proposed for approval, if desired, can mirror the marginal cost-based rate(s) offered by the IOU in whose service area the Large CCA exists. Rates and/or programs approved by the CCA's board must be offered on a voluntary basis to the CCA's customers by July 1, 2027, in accordance with section 1623.1(b)(4).

Section 1623.1(a)(1) of the LMS requires each Large CCA to evaluate the cost effectiveness, equity, technological feasibility, and benefits to the grid and customers, of marginal cost-based rates for each customer class in its compliance plan. After evaluating each of these components, the Large CCA may instead propose programs to enable automated response to marginal cost signals for each customer class and evaluate the programs and/or delay or modify compliance with the LMS requirements.[6]

VCE's customers are currently split into four customer classes, residential, commercial/industrial, agriculture, and state government. In this plan, VCE includes state government customers in its commercial/industrial customer class. Consistent with the adopted LMS amendments, the following section of the Plan evaluates the cost effectiveness, equity, technological feasibility, and benefits of dynamic rates to customers and the grid for each customer class.

4. Evaluation of Marginal Rates

The LMS regulation identifies dynamic hourly or marginal rates as a central tool for achieving the goals of encouraging off-peak energy usage, encouraging control of daily and seasonal peak loads, reducing, or delaying the need for new electrical capacity, and reducing fossil fuel consumption and associated GHGs. VCE has demonstrated support for this approach through implementation of its innovative Agricultural Flexible Irrigation Technology (AgFIT) dynamic pricing pilot.

In explaining marginal rate design, the LMS states that the "total marginal cost shall be calculated as the sum of the marginal energy cost, the marginal capacity cost (generation, transmission, and distribution), and any other appropriate time- and location-dependent marginal costs, including the locational marginal cost of associated greenhouse gas emissions, on a time interval of no more than one hour. Energy cost computations shall reflect locational marginal cost pricing as determined by the associated balancing authority."[7]

Being a CCA, VCE is authorized and responsible for setting and recovering only the generation cost components for each applicable electric rate, including marginal rates and programs. PG&E is responsible for setting distribution, transmission, and any other non-generation cost components for each rate.

4.1 Cost Effectiveness of Marginal Rates

LMS section 1623.1(a)(1)(A) specifies cost effectiveness as the first evaluation factor. VCE aims to estimate the costs and benefits associated with new dynamic rates for each rate class. This approach is necessary because, as of the time of the preparation of this Plan, VCE does not have sufficient data to support a full quantitative analysis.

4.1.1 Estimated Costs

To assess cost effectiveness, it is necessary to consider the costs associated with designing, implementing, and maintaining new rates for each customer class, as well as the ongoing benefits associated with that implementation. To demonstrate cost effectiveness, the expected benefits for each rate must exceed the costs of implementation.

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[6] Id., § 1623.1(a)(1).

[7] California Code of Regulations, Title 20, § 1623.1(b)(1).

As a best practice for assessing the cost effectiveness of a new rate, VCE would need to conduct a comprehensive pilot study to test and gather data on different rate options, which would likely require several years and a multi-million-dollar investment with a third-party contractor specializing in rate design and pilot program evaluation. Beginning customer service in mid-2018, VCE is a relatively young organization and has been limited in terms of developing rate options, in order to prioritize building a strong, cost effective RPS-compliant portfolio backed by energy storage. VCE is engaged in an active dynamic rate pilot (AgFIT); however, this pilot is focused solely on agricultural customers with irrigation equipment, and it is inferred that customers would respond differently given differences in rate class, electricity usage, weather conditions, and other factors.

VCE has initial results published in the AgFIT Pilot's midterm evaluation report on which to draw limited conclusions on cost effectiveness, but the data is based only on a subset of agricultural customers, and VCE is hesitant to apply those initial results to other rate classes or pilots. As a result, VCE's evaluation of cost effectiveness is based on this limited assessment. VCE anticipates being able to refine estimates to inform future updates of our Plan as more results become available in pilots being conducted around the state of California by other load-serving entities (LSEs).

Implementing pilot rates for all customer classes, particularly rates that are far more complex than other currently available rates would require significant investment in planning, outreach, education, marketing, and technology development. VCE has identified several cost categories associated with implementing dynamic pilot rates, including but not limited to:

- Pilot rate design costs include market research, testing rate options, and analyzing the results of those pilots to refine the final design. In the event of a new rate recommendation, a rate action would be needed for it to be approved, adding to the costs.
- Setup costs including one-time costs like Information Technology (IT) system updates to enable data integration, and developing new or updating existing customer tools.
- Recruitment and retention costs include marketing, outreach, and enrollment costs. For example, with VCE's AgFIT pilot, staff drew upon existing relationships in the agricultural community with which to keep recruiting costs down, but there were still costs associated with the staff time necessary to recruit and retain customers. Additionally, because dynamic rates are new and novel, educating the customer on how to interact with the pilot rate and customer-facing scheduling application took significant staff investment.

To minimize cost to the LSE, the AgFIT pilot rate design was calibrated to recover annual LSE generation costs. However, the pilot included customer incentives for automation as well as incentives based on the difference between the pilot tariff and the customers' otherwise applicable tariff, with the goal of incentivizing the customer to shift peak load. While the pilot has seen initial success in customer response, it is unknown to what extent customers would respond to price signals without both sets of incentives, if it were not economically feasible to offer the same or similar incentives.

4.1.2 Estimated Cost Benefits

This section of the Plan describes the potential cost benefits associated with implementing new dynamic rates and the estimated realization of incremental benefits based on design effectiveness, customer adoption levels, and available load shift capacity.

VCE has identified the primary avoided cost benefits of new dynamic rates as the following:

- Avoided capacity costs resulting from a reduction for new capacity additions or resource adequacy procurement.
- Avoided energy costs resulting from shifting demand from higher-cost periods to lower-cost periods.

Secondary benefits could also flow from the realization of avoided capacity and energy procurement needs. For example, to the extent that load shifting could potentially reduce the need for new capacity and wholesale energy purchases during peak periods, reductions could also contribute to the following:

- Avoided GHG compliance costs associated with a reduction in generating or purchasing energy from fossil-fueled resources that may otherwise be needed to serve load during peak periods.
- Improved air quality, public health, and environmental outcomes associated with a reduction in operations of fossil-fueled resources. While these benefits do not accrue directly to VCE, they provide value to the communities that we serve.

As a retail electric service provider and a CCA, VCE anticipates that the greatest potential direct benefits would be derived from avoided capacity and energy procurement costs. However, the realization of any of the above-identified benefits from new dynamic rates is highly dependent on the following factors:

- Effectiveness of the rate design in shifting customer usage patterns.
- Operational value of the load shift.
- Adoption levels of the new rates.
- The customer experience on the new rate.

In addition, with respect to avoided GHG compliance costs and improved air quality, public health, and environmental outcomes, the realization of benefits also depends on the relative utilization of fossil-fueled resources to serve peak load.

4.1.3 Estimated Design Effectiveness Factors

Effective rate design is necessary to achieve predictable load shift during the most valuable peak hours. The risk of not having sufficient generation, which results in the need for new capacity additions or resource adequacy procurement, is typically concentrated in a small number of peak hours each year when serving that load is most challenging. Accordingly, to realize any avoided capacity benefits, it is important that a new rate design can achieve consistent and meaningful load reductions during peak hours. Reducing capacity and energy procurement during peak periods relies on consistent shift in demand.

Time to develop and test the effectiveness of rate design options will be especially important when proposing a complex new rate structure. If customers do not adequately understand price signals, their response may be unpredictable, leading to reduced load shift and potentially adverse bill impacts. VCE's ideal rate development process would include market research, testing the effectiveness of different rate options through pilots, analyzing the results, and considering and implementing refinements. This will help to ensure that the rate sends the right signals and takes into consideration customers' willingness and ability to respond directly or via automated technologies/devices while fully recognizing that the process can take significant time and resources.

The LMS requirements direct Large CCAs to propose new dynamic rates for every customer class to their Boards of Directors by July 1, 2025. That timeline does not provide sufficient time for VCE to design a pilot (outside of the limited scope of the AgFIT Pilot), test responses to different rate options, and analyze the results for even one rate class. In addition, PG&E's dynamic rate pilots have been delayed and results of those studies may not be available before July 1, 2025. Without the results from pilots, it is unclear that a complex new dynamic rate design would result in any incremental, dependable load shift, or ensure a positive customer experience for our customers.

The estimated adoption level of new hourly dynamic rates directly impacts the value of load shift benefits. Based on available information, VCE anticipates that dynamic rates rolled out to non-agricultural customers by July 1, 2027, may have low adoption and retention levels. VCE's assumption is based on several key factors, including the uncertainty in bill impacts from complex new rate structures, the time needed to educate customers to promote a positive experience, and the cost and limited accessibility of enabling behind-the-meter automation technology.

4.2 Equity of Marginal Rates

The second criterion by which to evaluate dynamic rates is equity. Since VCE does not currently have pilot study data to support quantifying load shift and bill impacts for different customer groups, VCE qualitatively evaluated the equity impacts of these rates by considering customers' ability to benefit directly and indirectly from the rates.

A key requirement of successful implementation of a dynamic or marginal cost-based rate is the ability of a customer to respond to the price signal of the rate. Customers, including residential, non-residential, and agricultural customers, that are capable of responding to a dynamic rate by shifting load are more likely to realize bill savings and provide benefits to the grid. Customers that lack an understanding of dynamic pricing, or the technology that easily enables load shifting (e.g. battery storage, smart appliances), are at a disadvantage to those with such resources when taking service under a dynamic pricing scheme. The inherent inequity of marginal rates providing savings benefits to affluent or tech-savvy businesses and residential customers that have the time and capability to closely manage their devices or energy usage has the potential to leave small business, low-income, and hard-to-reach communities behind. Without specific pricing or rate design information available, VCE is unable to determine the potential equity impact of any particular rate design option and would likely require a bill impact study before implementing a new rate.

The ability to directly benefit from a dynamic rate depends on several factors, such as access to enabling technology, the ability to shift load away from high-cost periods, and the ability to benefit from the rate and absorb potential bill shocks:

- Technology access: the ability to participate in a dynamic rate depends on customers' access to technology with characteristics that enable response to hourly or sub-hourly price signals. Currently, the high up-front cost of this technology may pose a limitation, particularly for lower-income customers. Customers that rent or lease their home or business may face additional constraints with respect to securing permission for technology installations.
- Flexible load shift ability: the ability to quickly shift load away from high price periods will affect whether participating customers can directly benefit from a dynamic rate. As market signals

would be dynamic with potentially large changes in prices between hours, customers that cannot or do not adopt and/or utilize enabling technology could see large bill impacts.

- Ability to absorb potential bill shocks: participating customers on a dynamic rate run the risk of bill shocks if they are unable to shift load away from high price hours. VCE anticipates that lower-income customers and small businesses that face greater barriers in implementing enabling technology would be least able to absorb potential bill shocks. By contrast, VCE's Time-of-Use rates provide customers the opportunity to save money without requiring specific technology or exposure to market risks and bill shocks if load is not sufficiently flexible.

Based on the information currently available, VCE cannot conclude that implementing dynamic rates would result in substantial equity benefits. At this time, the availability of such rates is likely to disproportionately benefit higher-income customers, early adopters of technology and businesses that own their property, have up-front capital to purchase enabling technology, and can absorb the risk of bill shocks. In addition, while VCE's entire customer base could potentially benefit from the incremental avoided system costs and improved air quality, public health, and environmental outcomes, the magnitude and uncertainty of these benefits are uncertain. VCE would not anticipate a high level of adoption of dynamic, hourly, or sub-hourly rates from low-income customers.

4.2.1 Technological Feasibility of Marginal Rates

The third evaluation factor for dynamic rates is technological feasibility. VCE's evaluation assesses the technological feasibility of implementing dynamic rates for all customers on the schedule specified in the LMS regulations. VCE's evaluation considers the feasibility of both the internal technology systems needed to support implementation of dynamic rates and the external customer technology that is needed to enable response to hourly or sub-hourly signals.

4.3 Billing System, Price Generation and Customer Technology

4.3.1 VCE's Billing System

As part of PG&E's 2020 General Rate Case (GRC), the IOU planned on implementing a Day-Ahead Hourly Real Time Price (DAHRTP) rate that would launch in the first quarter of 2024. DAHRTP would have required PG&E to make enhancements to its billing system, allowing for PG&E and CCAs to bill customers on dynamic rates. Since PG&E's submittal of their Load Management Compliance Plan in October 2023, DAHRTP has been postponed till 2025 and changes to the billing system have been halted.

The postponement of DAHRTP followed the California Public Utilities' approval of the Demand Flexibility Pilot Expansion in Decision 21-12-015. The expansion addressed PG&E's concerns over billing system upgrades and the cost associated by adopting the Joint DR parties' proposal of "shadow" billing. The programs under the expansion require no changes to the IOU or CCA billing systems. Program participants will instead receive an additional monthly bill that details their performance in the dynamic rate pilot.

The implementation of a "shadow" bill, while effective for the pilot programs under the expansion, does continue to postpone the billing enhancements needed for widespread adoption dynamic rates. VCE does not have adequate information on the cost, timing, and scope of the changes needed to bill on hourly dynamic prices. VCE is exploring this subject with our billing agent, the Sacramento Municipal

Utility District (SMUD), and will consider any findings derived from the investigation in future rate option decisions.

4.3.2 VCE's Price Generation

PG&E was developing a pricing methodology as part of its DAHRTP rate implementation that was to be implemented in quarter one of 2024. Following the postponement of DAHRTP, PG&E is now developing a pricing methodology as part of the Demand Flexibility Pilot Expansion to be launched in June 2024. With the enrollment of customers in the expansion, CCAs will be able to utilize PG&E's pricing methodology. Working within the parameters of the methodology's formula, CCAs can modify or adjust the real time prices by changing the coefficients. The capacity to modify the coefficients provides the necessary tools to VCE to remain cost competitive with PG&E. The advantages and cost of VCE developing its own pricing methodology is under evaluation. The option of partnering with another CCA(s) is an avenue that will be considered.

4.3.3 Customer Technology

Smart devices or load automation technology make it easier for customers to respond to price signals and have been shown to drive performance on dynamic rates. This is consistent with VCE's observations related to its AgFIT pilot. Following is a list of common load flexibility technologies in VCE's service area, along with their capabilities and constraints. VCE anticipates these same technologies will be necessary to respond to new dynamic rates.

- **Smart thermostats:** Wi-fi enabled smart thermostats are currently by far the most widely adopted load flexibility technology. These devices can receive and respond to dispatch signals within 15-30 minutes; however, doing so could end up sacrificing customer comfort, as market price signals may not allow time for the home to pre-cool.
- **Battery energy storage systems:** Battery energy storage systems are being adopted with increasing frequency by both residential and non-residential customers, particularly as an add-on to solar PV installations. However, the current adoption rates are relatively low, and it will likely be years before storage is affordable for a majority of VCE's customers.
- **Electric Vehicles (EVs):** EVs are an emerging source of load flexibility across VCE's service territory, and the rate of customer adoption appears to be increasing. There is significant potential for further growth given statewide goals for zero-emissions vehicles by 2030.
- **Electric Tractors:** The adoption of bi-directional and unidirectional charging equipment and electric tractors are likely to be supported throughout VCE's territory in the near term. VCE may be exploring the shift and shape potential of electric tractors in its Rural Electrification and Charging Technology (REACT) Pilot Program.

4.4 Benefits of Marginal Rates

The final two criteria for evaluating dynamic rates are benefits to the grid and benefits to customers. VCE is evaluating these factors together because many grid benefits also have pass-through benefits to customers.

Following is a summary of anticipated grid and customer benefits associated with implementation of new dynamic rates on the timeframe specified in the LMS regulation. VCE's evaluation of the benefits considers the expected effectiveness of the rate design, the expected adoption rate, and the incremental benefits relative to VCE's existing time-dependent rates and load flexibility programs. The realization of each benefit depends on whether dynamic rates would result in material load shift relative to VCE's existing time-dependent rates and programs.

- Avoided capacity needs: realizing the incremental benefits of avoided capacity costs in the form of reduced need to contract for new generation capacity or procure resource adequacy (RA), depends significantly on an effective rate design that delivers meaningful, dependable load shift in response to hourly or sub-hourly price signals. Shifting demand away from peak periods also has the potential to relieve grid strain and contribute to reliability.
- Avoided energy purchase costs: realizing the incremental benefits of avoided energy costs relies on a rate design that effectively encourages customers to shift from high-cost (high GHG) periods to lower cost (low GHG) periods. This allows for more efficient use of cheaper solar energy when it is generated and reduces the higher costs of energy associated with serving peak load.
- Improved air quality, public health, and environmental outcomes: the potential air quality, public health, and environmental benefits associated with dynamic rates depends on such rates reducing the capacity needs or energy purchases during time periods when the grid has a higher carbon intensity.
- Customer bill impacts: with dynamic rates, customers have the potential to save money by shifting their usage out of the most expensive hours. However, there are risks to customers in adopting dynamic rates, even if customers can largely rely on device automation to manage their demand. Depending on the rate design, customers could potentially take on the risk of market price fluctuations, which could have a negative impact on customer bills, especially during times of extreme market volatility.
- Customer experience: while dynamic rates would reflect the cost of energy at the time it is used, they could potentially be very complex and difficult for customers to understand. This could adversely impact adoption and benefits of the rate, as well as potentially hindering future load shift efforts.

Based on the information currently available, VCE's evaluation is unable to conclude that implementing dynamic rates on the timeframe specified in the LMS would yield material incremental benefits to the grid or to VCE's customers. Currently, VCE's load flexibility pilot programs are designed to capture peak load shift benefits. Any incremental benefits associated with dynamic rates being applied to all customer classes that enable response on hourly or sub-hourly signals are uncertain.

4.5 Marginal Rates Proposal

VCE requires additional information with respect to the cost, equity, technical feasibility, and benefits of marginal cost-based rates, including how these factors can be measured and evaluated. At this time, VCE lacks the internal resources necessary to develop this information and would require the use of external experts, likely at significant cost, to present a robust evaluation of dynamic pricing for its customer classes. As described in the sections below, VCE currently offers limited dynamic rate load flexibility programs, as well as time of use-differentiated rates that are intended to achieve the goals of the LMS without having to expend significant financial and staff resources.

VCE plans to defer the proposal and adoption of new marginal rates at this time. VCE will re-evaluate marginal rates with the benefit of additional information from dynamic rate pilots in our own territory, as well as PG&E's service area and other service areas in the next update of this Plan.

The following sections describe VCE's efforts in the development and implementation of dynamic rate programs that will assist in meeting the LMS requirements.

5. AgFIT and Expansion Pilot 1

A marginal signal program that could help VCE meet the LMS requirements is VCE's Agricultural Flexible Irrigation Technology (AgFIT) Pilot Program and its recent expansion, referred to as the AgFIT Expansion or Expansion Pilot 1. AgFIT was originally designed to target the shift potential of agricultural irrigation but was recently expanded to include all agricultural end uses. The sections below describe VCE's dynamic rates pilot program.

5.1 The Agriculture Sector

With the proposal in our Opening Testimony in California Public Utilities Commission docket R.20-11-003,VCE explained that more than 85% of our service territory is designated for agricultural use, and that the agricultural sector represents approximately 18% of VCE's total annual load and 16% of our peak demand.[8] The annual load can be seen to increases significantly during drought years (2020-2022), which is directly related to agricultural pumping in VCE's service territory.

Table 2: Annual Retail and Wholesale Load

Year	Retail Load, MWh	Wholesale Load, MWh
2019	642,656	684,191
2020	706,393	752,764
2021	755,901	806,377
2022	739,932	789,142
2023	654,637	697,056
Average	699,904	745,906

In Polaris's Opening Phase 2 Prepared Testimony in R.20-11-003, it states that "agricultural pumping has more shed and shift potential that can be built more quickly at lower costs than other sectors, especially residential space cooling and electric vehicle (EV) … Agricultural pumping has proven highly reliable in demand response events and is beneficial because of its mostly binary operating profile (pumps are either on or off), large loads controlled by a relatively small number of decision makers and lower weather sensitivity compared to cooling loads."[9]

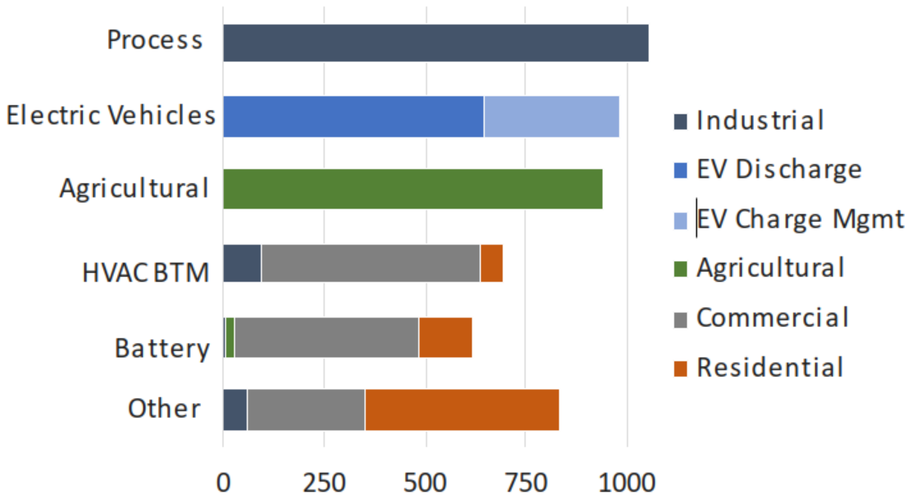
The figure below is from the CEC's Senate Bill 846 Load-Shift Goal Report, depicting the load flexibility potential by end use and sector. Collectively, industrial processes, EV-related interventions (vehicle-to-

[8] Docket No. R.20-11-003, *Opening Prepared Testimony of Gordon Samuel on behalf of Valley Clean Energy* at 1-2 (September 1, 2021). Accessible at: https://eqresearch.sharefile.com/public/share/web-s1c978db45ba94c71bc70d622bf070246.

[9] [9] Docket No. R.20-11-003, *Opening Phase 2 Prepared Testimony of Polaris Energy Services* at 3. Accessible at: https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/R2011003/4050/404292630.pdf.

grid, vehicle-to-building, and managed charging), and agricultural load flexibility (not including batteries) make up 58% of the state's estimated potential. Including process facilities and bi-directional EVs, VCE believes that agriculture is most likely the sector with the greatest load flexibility potential in Yolo County.

Figure 1: Load Flexibility Potential by End Use and Sector



Source: CEC staff

Figure 2 (below) is from Phase 3 of The California Demand Response Potential Study by Lawrence Berkeley National Laboratory published July 2020. The figure shows the disaggregation of the Shift supply in 2030, at the behind-the-meter (BTM) battery price threshold of $150/yr/kWh, broken out by utility service territory. Key conclusions from this figure are that the pumping resource is primarily to be found at agricultural sites and primarily in PG&E's service territory.

Figure 2: Average GWh of Shift Resources

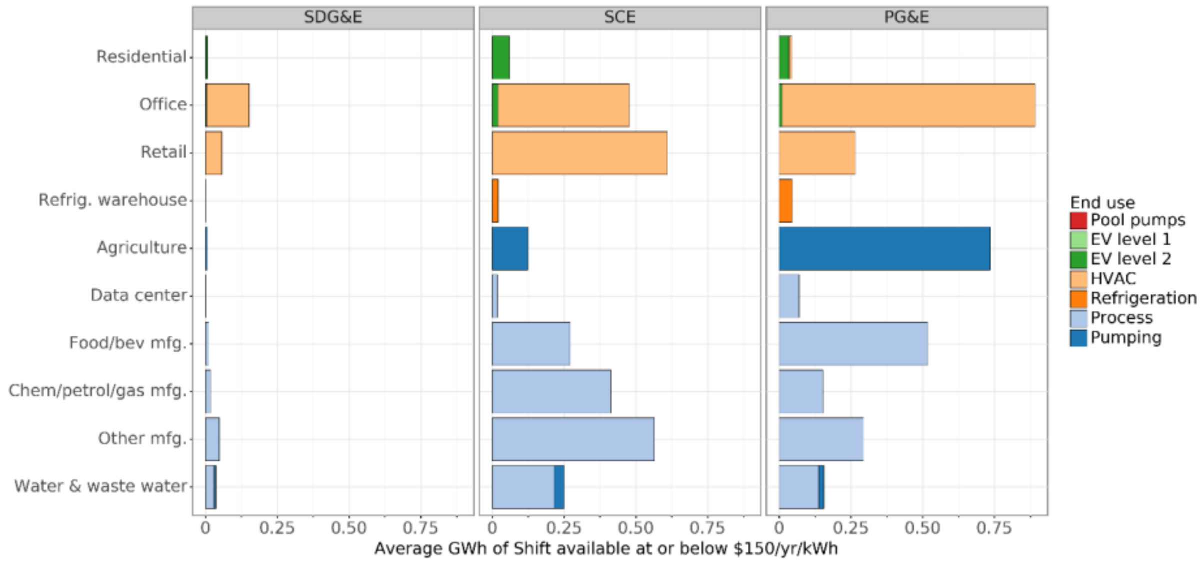


Figure 3-9. The Shift resource available in forecast year 2030 at the BTM battery price referent ($150/yr/kWh), disaggregated by utility service territory, building type, and end use.

5.2 Agricultural Automation

When VCE was evaluating the effectiveness of enrolling agriculture customers in dynamic rates, the cost of installing and operating sector-specific automation technology was a consideration. Figure 3 (below) from Lawrence Berkeley National Laboratory's (LBNL) California Demand Response Potential Study Phase 3 illustrates the impact of equipment cost on the overall cost-competitiveness of enabling load shift at different sites. Figure 3 shows the annualized costs per unit of shiftable energy ($/yr/kWh, circa 2015) to install and operate shift-enabling technology, for each shiftable end use, at a typical site in each one of the customer clusters modeled in LBNL's DR-Path. The variation in cost can be large from site to site for a given end use because each site has a different amount of shiftable load that is available to be captured. The minimum BTM battery cost is shown as a vertical dashed line. Any point in the figure that sits at a higher cost will not be cost-competitive with a battery. The conclusion from figure 3 is that the cost of automating pumping load is cheaper than installing a BTM battery.

Figure 3: Annualized Resource Procurement Cost ($/yr/kWh)

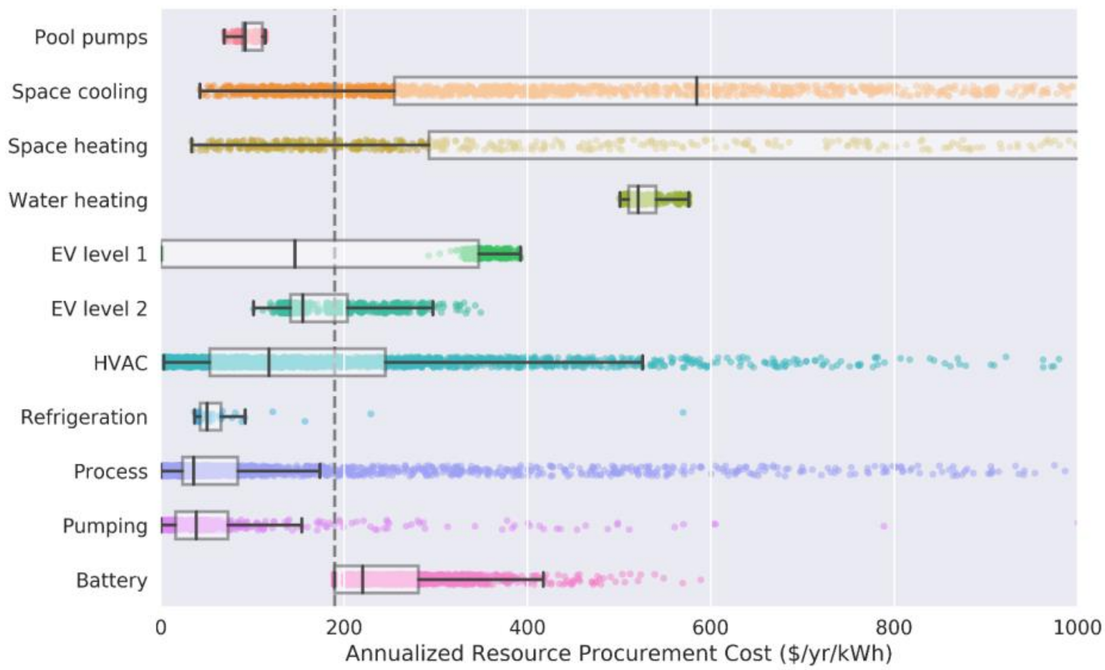


Figure 3-17. Installed costs, circa 2015, for Shift-enabling technologies, by end use, for a typical site in each customer cluster modeled in DR-Path. The minimum battery cost is shown as a vertical dashed line for reference. Box plots show the interquartile range (IQR, middle 50 percent of cluster costs), and whiskers show points beyond the IQR that are within 1.5 times the magnitude of the IQR.

5.3 Program Overview

The original Agricultural Flexible Irrigation Technology (AgFIT) Pilot Program was approved by the California Public Utilities Commission in D.21-12-015 on December 2,2021, as a near-term solution for summer reliability issues. The proposal was for a limited program focused on the agricultural sector and its flexibility in pumping water. The pilot was designed to unlock up to 5 MW of demand shift in the near term, with a simple, low-cost program design with benefits matched to meet customer needs.

The original pilot is expected to provide valuable data about the potential of dynamic rates for load shift. The results, which will be published Q3 of 2025, are expected to be used to help inform further load flexibility pilots and scale dynamic rates to other customers.

Due to the midterm results presented in AgFIT's initial evaluation, the extension and expansion of VCE's AgFIT pilot was instituted in Rulemaking 22-07-005 on August 15, 2023. The expansion of AgFIT, called Pilot 1, was formally approved in D.24-01-032. The expansion allowed for the inclusion of other agriculture sector end uses outside of irrigation, permitted the enrollment of customers throughout PG&E's service territory, as well as the extended the operation of the program until 2027.

5.3.1 Pricing Methodology

As stated in D. 21-12-015, AgFIT is a dynamic hourly tariff, with week-ahead projections that are integrated with pump automation controllers. Non-generation and non-delivery costs are recovered through existing rate structures, but all other costs are collected using a marginal rate design.

The generation prices are calibrated to fully recover VCE's costs. The generation price formula uses Locational Marginal Prices (LMP) provided by the California Independent System Operator (CAISO) and a marginal energy capacity cost from PG&E's latest General Rate Case (GRC).

6. PG&E Administered Programs

VCE is considering participating in PG&E administered marginal rate programs that would employ a diversity of enabling technologies and provide different tiers of engagement. The potential program portfolio includes dynamic rate offerings for both residential and commercial/industrial customer classes.

The following is a list of prospective programs that will be monitored and evaluated for reliability, load reduction and customer adoption. Participation by VCE in the programs below is dependent upon board approval.

6.1 Expansion Pilot 2

Using the same pricing design and program structure as the AgFIT program, D.24-01-032 directed PG&E to offer a secondary pilot that enrolls both residential and commercial/industrial customers. Eligible rate schedules include B-6, B-10, B-19, B-20, E-ELEC, and EV2-A.

Pilot 2 intends to target residential and non-residential customers who already have automation technology in place. Example use cases include smart EV charging, industrial processes, behind the meter batteries, and box stores. PG&E aims to enroll 50 MW of controlled load into the program.

VCE plans to take this program to the board for consideration in quarter 2 of 2024.

6.2 Vehicle-Grid Integration

PG&E's Vehicle-to-Grid Integration (VGI) Program will utilize the same pricing and billing methodology as AgFIT and Expansion Pilot 1. Only bi-directional electric vehicles will be eligible to participate in the program. Definitive details on VGI are pending final resolution from the California Public Utilities Commission.

6.3 Day-Ahead Hourly Real Time Pricing

PG&E's Day-Ahead Hourly Real Time Pricing (DAHRTP) Program was approved in D.21-11-017 on November 18, 2021. Due to the overlap in eligible rate schedules with Pilot 2, DAHRTP was paused after R.22-07-005 instituted the expansion of AgFIT. The program plans to utilize the pricing methodology approved in D.21-11-016 to derive a marginal generation rate, while all other rate components will be billed using existing rate structures.

Table 3: In Progress and Potential Programs

Program Name	Start Date	End Date	Status	Marginal Signal (Y/N)
AgFIT	Mar-22	Dec-24	In Progress	Y
Expansion Pilot 1	May-24	Dec-27	CPUC Approved	Y
Expansion Pilot 2	Jun-24	Dec-27	CPUC Approved	Y

VGI	Sep-24	Sep-25	Pending Final Resolution	Y
DAHRTP	Unknown	Unknown	Paused till Mar-25	Y

7. Education and Outreach

Section 1623.1(b)(5) of the LMS asks the Large CCAs to conduct a public information program to inform and educate affected customers why marginal cost-based rates or load flexibility programs and automation are needed, how they will be used, and how these rates and programs can save customers money.

VCE has a successful history of educating its customers on various energy-related initiatives. These experiences include marketing Time-of-Use rates, highlighting customer programs like CARE, FERA, AMP, CAPP and PIPP, and promoting our portfolio of energy programs and initiatives. VCE also maintains consistent communication across Yolo County through monthly newsletters and social media posts.

To reduce costs and boost enrollment, a Public Information Program would be run in conjunction with the launch of a Board-approved load flexibility program to eligible customer classes. VCE would design a campaign that may include direct mail, website, social media, newsletter articles, monthly content shares, and public presentations. VCE would also consider working with community partners to enhance customer outreach. VCE would examine the expansion of existing contracts with vendors to conduct graphic design, media buying, and video production.

8. Time-Dependent Rate Submission to MIDAS

The CEC developed the Market Informed Demand Automation Server (MIDAS), as part of the LMS revisions, so customers and automation service providers can connect flexible loads to a machine-readable database of rates to automate demand flexibility, section 1623.1(c). The LMS amendments require the utilities and Large CCAs to populate utility rate information into MIDAS and to facilitate access to MIDAS signals for customers and their authorized third parties. Each uploaded rate must be assigned a Rate Identification Number (RIN), which is used to uniquely identify each rate. Large CCAs are also required to upload any new time-dependent rates or changes to existing rates prior to the effective date of that rate. All uploaded time-dependent rates must include all applicable time-dependent cost components. This section of the Plan details VCE's actions to meet this requirement.

On August 1, 2023 VCE successfully uploaded all generation rates and associated RINs to the CEC's MIDAS, including base rates and rates with price adders. VCE will continue to upload and update the generation rate components with each rate change.

9. Billing System Updates

Section 1623(c)(4) of the LMS requests that by March 31, 2024, RINs be incorporated into customer billing statements and online accounts using both text and quick response (QR) codes or similar machine-readable digital code. Given that the IOUs act as billing agents, the design, placement, and input for RINs on the bill by Large CCAs are restricted. Nevertheless, VCE has collaborated with PG&E to furnish RINs, facilitating their inclusion in the billing statement. VCE plans to make the RINs available in text and QR formats on billing statements on or before April 1, 2024. This will allow customers to access their RIN on the billing statement received by mail or accessed online.

VCE customers will see two RINs, one for the CCA-associated component(s) of their bill pertinent to their generation rates and another for the PG&E-associated component(s) of their bill related to transmission and distribution rates.

Lastly, VCE is working with PG&E to have consistent and clear language regarding the RINs for customer understanding. VCE will likely augment the information provided by PG&E with content on our own webpages.

10. Single Statewide RIN Access Tool

Section 1623(c) requires the Large IOUs, Large POUs, and Large CCAs to develop a single statewide standard tool for authorized rate data access by third parties, along with a single set of terms and conditions for third parties using the tool, for submission to the CEC by October 1, 2024, for approval.

The tool must:

- Provide the RIN(s) for the rate(s) applicable to a customer's premises.
- Provide any RIN(s) for the rate(s) to which the customer is eligible to be switched.
- Provide estimated average or annual bill amounts based on the customer's current rate and any other rate(s) for which the customer is eligible to be switched if such calculation tools already exist.
- Enable authorized third parties, upon direction and consent of the customer, to modify the customer's applicable rate, to be reflected in the next billing cycle.

The tool must also incorporate reasonable and applicable cybersecurity measures, minimize enrollment barriers, and be accessible in a digital, machine-readable format according to best practices and standards.

VCE has provided stakeholder input and participated in CEC workshops on the RIN Access Tool's development held on March 21, 2024. If the need for an extension is determined by stakeholders, the CEC Executive Director will be notified in accordance with section 1623(c)(2)(B) of the CEC's LMS.

11. Recommendation

VCE has distributed this working draft plan to its Board, which will be considering its adoption within the 60-day timeframe allotted by the CEC. The draft plan underscores VCE's dedication to supporting the provision of affordable, clean, and reliable electricity to its customers through innovative rate design and customer-focused programs. It is important to note that new information on marginal programs and rates, as well as evolving customer needs, may influence VCE's approach on these issues.

VCE's evaluation of the cost effectiveness, equity, technological feasibility, and benefits to the grid and customers, of marginal cost-based rates indicates that there is currently insufficient data available to recommend the development and implementation of one or more marginal cost-based rates to the Board. Therefore, VCE staff plans to recommend the deferral of new marginal rates until a more robust study and pilot process can be completed. Without a comprehensive cost-of-service rate design study, which would require the use of a third-party consultant at significant cost, VCE is limited to a qualitative evaluation of the criteria set forth in the LMS. The qualitative evaluation provided in this report is intended to serve as an initial step in complying with the CEC's LMS requirements and will be revisited over time as new data and information become available.

VCE remains committed to the overall goals of the LMS, including aligning electricity use with generation and capacity using energy storage, improving air quality, helping to mitigate future climate change, and creating downward pressure on electric rates. This commitment is demonstrated through the participation in and offering of load flexibility programs including the AgFIT pilot program and expansions, as well as PG&E-administered programs.

Looking ahead, this plan remains flexible and open to adjustments as new information and opportunities emerge. VCE will assess opportunities to uphold reliability and align with the State's goals in a manner that is consistent with VCE’s goal to best support our customers.