Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, June 10, 2021 at 5:00 p.m.
Via Video/Teleconference

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

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

Members of the public who wish to listen to the Board of Director's meeting may do so with the 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/87115339635
   Meeting ID: 871 1533 9635

b. **By phone**
   One tap mobile:
   +1-669-900-9128,,87115339635# US
   +1-253-215-8782,,87115339635# US

   Dial:
   +1-669-900-9128 US
   +1-253-215-8782 US
   Meeting ID: 87115339635

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

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

5:00 p.m. Call to Order

1. **Welcome**
2. **Approval of Agenda**
3. **Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda 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 May 13, 2021 Board meeting Minutes.**
5. **Receive 2021 Long Range Calendar.**
6. **Receive Financial Update – April 30, 2021 (unaudited) financial statement.**
7. **Receive Legislative update.**
8. **Receive June 3, 2021 Regulatory update provided by Keyes & Fox.**
9. **Receive June 2, 2021 Customer Enrollment update.**
10. **Receive Community Advisory Committee May 27, 2021 meeting summary.**
11. **Approve extension of VCE opt-out fee waiver for one year until July 1, 2022.**
12. **Ratify Amendment 22 (Net Energy Metering Donation Program web format) to Task Order 2 of the SMUD agreement.**
13. **Approve Amendment 4 to Keyes & Fox agreement providing special legal counsel to VCE; extending services through June 30, 2022; and, modifying Exhibits to the agreement.**
14. **Approve an agreement with Richards, Watson and Gershon for general counsel services expiring December 31, 2024.**

REGULAR AGENDA

15. **Consider Adoption of the Fiscal Year 2021-2022 Operating Budget and extension of the policy to reduce procurement of short-term renewable resources for Fiscal Year 2021-2022. (Action)**
16. **Consider adoption of the VCE Draft 3-Year Programs Plan and the process by which programs are selected for implementation and implementation of proposed program for residential demand response. (Action)**
17. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
18. **Adjournment:** The Board has scheduled a meeting for Thursday, July 8, 2021 at 5:00 p.m. to be held via video/teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS MEETING ON THURSDAY, JUNE 10, 2021 AT 5:00 P.M.:

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

Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org. If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting.

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

1) If you are attending by computer, activate the "participants" icon at the bottom of your screen, then raise your hand (hand clap icon) under "reactions".
2) If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, please press *6 to unmute your microphone.

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

Public Comments: If you wish to make a public comment at this meeting, please e-mail your public comment to Meetings@ValleyCleanEnergy.org or notifying the host as described above. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Committee and the public during the meeting subject to the usual time limit for public comments [two (2) minutes]. General written public comments will be read during Item 3, Public Comment. Written public comment on individual agenda items should include the item number in the "Subject" line for the e-mail and the Clerk will read the comment during the item. Items read cannot exceed 300 words or approximately two (2) minutes in length. All written comments received will be posted to the VCE website. E-mail comments received after the item is called will be distributed to the Board and posted on the VCE website so long as they are received by the end of the meeting.

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from May 13, 2021 Board Meeting

DATE: June 10, 2021

RECOMMENDATION

Receive, review and approve the attached May 13, 2021 Board meeting Minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, MAY 13, 2021

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular and Special meetings scheduled for Thursday, May 13, 2021 at 5:00 p.m., to be held via Zoom webinar. Chair Dan Carson announced that the Special meeting will be held concurrently with the regular meeting. Chair Carson established that there was a quorum present and began the meeting at 5:02 p.m.

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

Welcome	Chair Carson welcomed everyone and thanked Jennifer Archuleta from SMUD for all of her assistance with VCE from launch up until today.
Approval of Regular Meeting Agenda	Chair Carson informed those present that Item 11 – Amendment 22 to the SMUD agreement will be pulled from today's agenda. Motion made by Director Stallard to approve the May 13, 2021 meeting agenda as amended, seconded by Director Frerichs. Motion passed with Vega and Sandy absent.
Public Comment – General and Consent	Chair Carson opened the floor for public comment for items not listed on the agenda and items listed on the Consent Agenda. There were no written or verbal comments.
Approval of Consent Agenda	Motion made by Director Loren to approve the consent agenda as amended (tabling Item 11 to the next meeting), seconded by Director Saylor. Motion passed with Vega and Sandy absent. The following items were approved, ratified, and/or received: 4. April 8, 2021 Board meeting Minutes; 5. 2021 Long Range Calendar; 6. Financial Updated – March 31, 2021 (unaudited) financial statement; 7. Legislative Update from Pacific Policy Group; 8. May 5, 2021 Regulatory update provided by Keyes & Fox; 9. May 5, 2021 Customer Enrollment Update;

10. Community Advisory Committee April 22, 2021 meeting summary;
11. Amendment 22 to SMUD Agreement tabled to next meeting;
12. Amendment 23 to Task Order 2 to SMUD professional services agreement authorizing the CARE, FERA and Arrearage Management Plan bill assistance outbound call campaign as Resolution 2021-021;
13. SACOG Grant – Electrify Yolo project update; and,
14. authorized Interim General Manager to execute the letter from SMUD authorizing SMUD to sell Resource Adequacy to the Central Procurement Entity and VCE assume the PG&E default risk.

Item 15: Discuss policy strategies to plan for incorporation of long term renewable contracts into VCE's power portfolio and to address fiscal year 2021/2022 PCIA and RA cost Impacts. (Discussion)	Interim General Manager Mitch Sears introduced this item and gave a summary of how items 15 (policy strategies) and 16 (load forecast) relate to item 17 (FY21-22 Operating budget). VCE Staff Gordon Samuel reviewed slides summarizing the staff report. Staff are seeking the Board's input. The Board asked questions and provided input, such as: timing of this item in relation to other subject matter; Renewable Portfolio Standard (RPS); and, cost and benefits of Board direction to staff on policies, load forecast and budget. The Board requested that the CAC review and provide a recommendation. There were no written or verbal public comment.
Item 16: Update on COVID-19 related impacts to load forecast and budget. (Informational)	Mr. Sears introduced this item. Jennifer Archuleta briefly reviewed scenarios presented to the Board in May 2020 regarding COVID, VCE's load forecast, and COVID assumptions. Also, she reviewed updated assumptions and actual impact. There were no written or verbal public comment.
Item 17: Fiscal Year 2021/2022 draft Operating Budget update. (Informational / Discussion)	Mr. Sears introduced this item. VCE Staff Edward Burnham provided an update on the FY21/22 draft operating budget. He reviewed annual electricity demand forecast update and impacts; current FY2021 actuals, and FY2022 key factors and budget update. The Board asked questions and provided input, such as: watching future projections; near term forecast of weather patterns within the model; and, looking at cost of service along with rate modification which has been identified in VCE's

Strategic Plan. The Board requested that Staff provide more information in the modeling, including weather.

The following verbal public comments were provided:

Christine Shewmaker, speaking as the Chair of the CAC, last year the CAC had vigorous "energy" discussion twice before it came to the Board for discussion. This item will be placed on the CAC's May meeting agenda where she expects another vigorous discussion. The CAC looks forward to bringing their discussion back to the Board. Personally, as a retired scientist, biochemist, and biophysicist, normalizing the weather makes her nervous and it is her opinion that we are not going to have any weather that is normal. .

Jim Skeen, he is not a VCE customer. He is disappointed that there has been no mention in any of the Board's discussions about purchasing energy locally for the benefit of the county. VCE promised lower rates, those have not been delivered. He can see there are some good reasons for that. He is disappointed with the way this is going.

There were no written public comments.

Item 18: Board Member and Staff Announcements

There were no Board announcements.

Mr. Sears informed those present that CalCCA is preparing power cost indifference adjustment (PCIA) modeling, which will help in long range projections. VCE is now a part of CC Power JPA with VCE attending their May 19th meeting as a Board Member. SB 612 is moving forward. Mr. Sears reminded those present that VCE has a power purchase agreement for a small solar / battery storage project located in Winters. VCE has been invited to present general information and objectives to the Yolo County Planning Commission.

The next Board meeting is scheduled for June 10, 2021 at 5 p.m. via video/teleconference.

Public Comment on Closed Session Items

Chair Carson asked if there was any written or verbal comment from the public on any of the Closed Session items. There were no written or verbal public comments. Chair Carson informed those present that it is anticipated that there will be no reporting out after Closed Session. Mr. Sears suggested a 5 minute recess before starting Closed Session.

Adjournment	Chair Carson adjourned the regular Board meeting at 6:26 p.m. to go into Closed Session after a 5 minute recess.
Item 14: CLOSED SESSION: VCEA General Legal Counsel and Public Employee Performance Evaluation	The Board started their Closed Session at 6:34 p.m. and adjourned their meeting at 7:30 p.m. There was nothing to report out.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

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

DATE: June 10, 2021

Recommendation

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

6/3/21

VALLEY CLEAN ENERGY

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

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

March 11, 2021	**Board** ~~WOODLAND~~	• New Building Electrification • Legislative Bills	• Discussion/Action • Action
March 25, 2021	**Advisory Committee** ~~WOODLAND~~	• Draft Programs Plan	• Discussion
April 8, 2021	**Board** ~~DAVIS~~	• Preliminary FY21/22 Operating Budget (Annual)	• Informational/Discussion
April 22, 2021	**Advisory Committee** ~~DAVIS~~	• 2021 and 2022 Power Content Update • Quarterly Strategic Plan update • SMUD 2030 Zero Carbon Plan - presentation • AB 992 (Social Media)/Brown Act - Best Best Krieger presentation • Update on SACOG Grant – Electrify Yolo	• Informational • Informational • Informational • Informational/Discussion • Informational
May 13, 2021	**Board** ~~WINTERS~~	• Update on FY21/22 draft Operating Budget • Update on SACOG Grant – Electrify Yolo • Amendments 22 and 23 to SMUD Agreement Task Order 2 • Execution of Letter Re: SMUD, Resource Adequacy to the Central Procurement District	• Informational • Informational • Action • Action
May 27, 2021	**Advisory Committee** ~~WOODLAND~~	• Power Planning 2022 / Renewable Content • Draft 3-Year Programs Plan	• Discussion/Action • Action: Recommendation to the Board
June 10, 2021	**Board** ~~DAVIS~~	• Approval of FY21/22 Operating Budget (Annual) • Extension of Waiver of Opt-Out Fees for one year (Annual) • Amendment 22 SMUD Agreement Task Order 2 • Draft 3-Year Programs Plan	• Action • Action • Action • Action
June 24, 2021	**Advisory Committee** ~~DAVIS~~	• Prioritizing types of energy (placeholder) • Presentment of program concept(s) (placeholder) • Net Energy Metering (NEM) 3.0 Update	• Discussion/Action • Discussion/Action • Informational

July 8, 2021	**Board** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee (Annual) • SMUD CPI Increase Amendment (Annual) • Net Energy Metering (NEM) 3.0 Update (placeholder) • River City Bank Line of Credit (placeholder)	• Action • Action • Informational • Action
July 22, 2021	**Advisory Committee** ~~WOODLAND~~	• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • Legislative Bills Update • Rates Task Group Report/Update	• Informational • Informational • Informational • Informational
August 12, 2021	**Board** ~~DAVIS~~	**Currently, this meeting is cancelled, but will remain on the long range calendar should the need arise to hold a meeting.**	
August 26, 2021	**Advisory Committee** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo • Carbon Neutral Task Group Report/Update (placeholder)	• Informational • Informational
September 9, 2021	**Board** ~~WOODLAND~~	• Receive Enterprise Risk Management Report (Bi-annual) • Update on SACOG Grant – Electrify Yolo • Approval of FY20/21 Audited Financial Statements (James Marta & Co.) (Annual) • River City Bank Revolving Line of Credit • Strategic Plan Update (Carbon Neutrality) (placeholder)	• Informational • Informational • Action • Action • Informational
September 23, 2021	**Advisory Committee** ~~WOODLAND~~	• Outreach Task Group Report/Update (placeholder)	• Informational
October 14, 2021	**Board** ~~WINTERS~~	• Financial Load Forecast (Annual) • FY2020/2021 Allocation of Net Margin (Annual) • Receive Update on 3 year Strategic Plan (adopted Oct. 2020) • Certification of Standard and UltraGreen Products (Annual)	• Informational • Action • Informational • Action
October 28, 2021	**Advisory Committee** ~~DAVIS~~	• Receive Financial Load Forecast and Allocation of Net Margin information • Update on Power Content Label Customer Mailer • Committee Evaluation of Calendar Year End (Annual)	• Informational • Informational • Discussion • Informational

		• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • Outreach Task Group Report/Update (placeholder)	• Informational • Informational
November 11, 2021 Veterans' Day – Holiday – need to reschedule	**Board** ~~WOODLAND~~	• Certification of Power Content Label (Annual) • Update on SACOG Grant – Electrify Yolo	• Action • Informational
November 18, 2021 (3rd Thursday of the month due to Thanksgiving holiday)	**Advisory Committee** ~~WOODLAND~~	• Committee Evaluation of Calendar Year End (Annual) • Review Revised Procurement Guide (Annual) • Update on SACOG Grant – Electrify Yolo • Revise CAC Charge (tentative) (Annual)	• Discussion/Action • Action: Recommendation to Board • Informational • Discussion
December 9, 2021	**Board** ~~DAVIS~~	• Receive Enterprise Risk Management Report (Bi-annual) • Approve Revised Procurement Guide (Annual) • Receive CAC 2021 Calendar Year End Report (Annual) • Election of Officers for 2022 (Annual)	• Informational • Action • Receive • Nominations
December 16, 2021 (3rd Thursday of the month due to Christmas holiday)	**Advisory Committee** ~~DAVIS~~	• 2022 CAC Task Group(s) formation (Annual) • Election of Officers for 2022 (Annual) • Revise CAC Charge (tentative) (Annual)	• Discussion • Nominations • Discussion
January 13, 2022	**Board** ~~WOODLAND~~	• Oaths of Office for Board Members (Annual if new Members) • Approve Updated CAC Charge (tentative) (Annual)	• Action • Action
January 27, 2022	**Advisory Committee** ~~WOODLAND~~	• Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update	• Informational • Informational

Note: CalCCA Annual Meeting 11/29, 11/30 and 12/1 (**tentative**) San Jose

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Board of Directors

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

SUBJECT: Financial Update – April 30, 2021 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2021 – UPDATED 6/7/2021

DATE: June 10, 2021

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of April 1, 2021 to April 30, 2021 (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2021.

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

The Financial Statements include the following reports:

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

In addition, staff is reporting the Actual vs. Budget variances year to date ending April 30, 2021.

Financial Statements for the period April 1, 2021 – April 30, 2021
In the Statement of Net Position, VCEA as of April 30, 2021 has a total of $12,176,811 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $1,998,137 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of April 30, 2021 $79,659. VCEA member obligations are incurred monthly due to staffing, accounting and legal services.

The term loan with River City Bank includes a current portion of $395,322 and a long-term portion of $1,021,252 as of April 30, 2021 for a total of $1,416,574. On April 30, 2021, VCE's net position is $14,725,496.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $2,791,094 of revenue (net of allowance for doubtful accounts) of which $2,803,434 was billed in April and ($1,460,222) represent estimated unbilled revenue. The cost of the electricity for the April revenue totaled $3,133,723. For April, VCEA's gross margin is approximately (3.81%), and operating loss totaled ($658,276). The year-to-date change in net position was ($1,862,188).

In the Statement of Cash Flows, VCEA cash flows from operations was (1,114,775) due to April cash receipts of revenues being lower than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending April 30, 2021</u>
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue - $5,771,706 and 15% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.

- Interest Revenue – ($65,350) and (59%) – variance is due to unfavorable year-to-date than planned due to the Federal Reserve reductions in interest rates resulting from COVID-19 to prevent long-term recessionary conditions.

- Purchased Power - $4,385,821 and 11% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts have not been as severe as anticipated and the weather has been warmer than forecast.

- SMUD - Operating Services– ($117,003) and (47%) – favorable variance to budget due to services lower than planned related to TOU bill protection.

- Legal General Counsel – ($96,369) and (78%) – favorable variance to budget due to services lower than planned from member agencies and no major cases requiring general counsel.

- New Member Expenses – (57,500) and (100%) favorable variance to budget related to no new member territories being added this year. Winters onboarding expenses are included in marketing and outreach.

- Contingency – ($195,278) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:
1) Financial Statements (Unaudited) April 1, 2021 to April 30, 2021 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending April 30, 2021

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL1 TO APRIL 30, 2021

PREPARED ON MAY 31, 2021

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
APRIL 30, 2021
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	12,176,811
Accounts receivable, net of allowance		3,732,472
Accrued revenue		1,460,222
Prepaid expenses		20,647
Other current assets and deposits		6,883
Total current assets		17,397,035
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		1,998,137
Total restricted assets		3,098,137
Noncurrent assets:		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	$	20,595,172
LIABILITIES		
Current liabilities:		
Accounts payable	$	438,976
Accrued payroll		33,755
Interest payable		3,455
Due to member agencies		79,659
Accrued cost of electricity		3,133,723
Other accrued liabilities		(1,560,208)
Security deposits - energy supplies		2,258,640
User taxes and energy surcharges		65,102
Current Portion of LT Debt		395,322
Total current liabilities		4,848,424
Noncurrent liabilities		
Term Loan- RCB		1,021,252
Total noncurrent liabilities		1,021,252
TOTAL LIABILITIES	$	5,869,676
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		3,098,137
Unrestricted		11,402,859
TOTAL NET POSITION	$	14,725,496

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF APRIL 1, 2021 TO APRIL 30, 2021
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2021	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 2,791,094	$ 45,315,448
TOTAL OPERATING REVENUES	2,791,094	45,315,448
OPERATING EXPENSES		
Cost of electricity	3,133,723	43,588,958
Contract services	183,341	2,195,854
Staff compensation	90,275	970,734
General, administration, and other	39,906	418,645
TOTAL OPERATING EXPENSES	3,447,245	47,174,191
TOTAL OPERATING INCOME (LOSS)	(656,151)	(1,858,743)
NONOPERATING REVENUES (EXPENSES)		
Interest income	2,429	44,515
Interest and related expenses	(4,554)	(47,960)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,125)	(3,445)
CHANGE IN NET POSITION	(658,276)	(1,862,188)
Net position at beginning of period	15,383,772	16,587,684
Net position at end of period	$ 14,725,496	$ 14,725,496

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2021	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 2,556,766	$ 49,060,991
Receipts for security deposits with energy suppliers	-	1,743,000
Payments to purchase electricity	(3,284,246)	(45,046,662)
Payments for contract services, general, and adminstration	(298,044)	(5,011,404)
Payments for staff compensation	(89,251)	(948,783)
Other cash payments	-	(4,343)
Net cash provided (used) by operating activities	(1,114,775)	(207,201)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,943)	(329,432)
Interest and related expenses	(4,456)	(48,940)
Net cash provided (used) by non-capital financing activities	(37,399)	(378,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,429	44,515
Net cash provided (used) by investing activities	2,429	44,515
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,149,745)	(541,058)
Cash and cash equivalents at beginning of period	16,424,693	15,816,006
Cash and cash equivalents at end of period	$ 15,274,948	$ 15,274,948
Cash and cash equivalents included in:		
Cash and cash equivalents	12,176,811	12,176,811
Restricted assets	3,098,137	3,098,137
Cash and cash equivalents at end of period	$ 15,274,948	$ 15,274,948

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2021
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2021	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (656,151)	$ (1,858,743)
(Increase) decrease in net accounts receivable	(249,565.00)	2,227,739
(Increase) decrease in accrued revenue	(8,064)	1,512,973
(Increase) decrease in prepaid expenses	(18,772)	(20,022)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	-	(4,343)
Increase (decrease) in accounts payable	(7,148)	(203,424)
Increase (decrease) in accrued payroll	1,024	21,951
Increase (decrease) in due to member agencies	22,073	(36,807)
Increase (decrease) in accrued cost of electricity	(150,523)	(1,457,704)
Increase (decrease) in other accrued liabilities	(70,950)	(2,136,652)
Increase (decrease)security deposits with energy suppliers	-	1,743,000
Increase (decrease) in user taxes and energy surcharges	23,301	4,831
Net cash provided (used) by operating activities	$ (1,114,775)	$ (207,201)

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2021
FOR THE YEAR TO DATE ENDING 04-30-2021

GL#	Description	4/30/2021 YTD FY2021 Actuals	4/30/2021 YTD FY2021 Budget	YTD Variance	% over/-under
301.00	Electric Revenue	$ 45,315,448	$ 39,543,742	$ 5,771,706	15%
311.00	Interest Revenues	44,515	109,865	(65,350)	-59%
415.00	Purchased Power	43,588,953	39,203,132	4,385,821	11%
	Labor & Benefits	947,401	946,664	737	0%
451.10	Salaries & Wages/Benefits	689,202	719,123	(29,921)	-4%
451.20	Contract Labor	161,095	117,493	43,602	37%
453.41	Human Resources & Payroll	97,103	110,048	(12,944)	-12%
	Office Supplies & Other Expenses	131,978	122,357	9,621	8%
452.10	Technology Costs	31,985	17,913	14,072	79%
452.15	Office Supplies	1,676	1,920	(244)	-13%
452.25	Travel	-	5,080	(5,080)	-100%
452.30	CalCCA Dues	95,941	95,944	(3)	0%
452.35	Memberships	2,375	1,500	875	58%
	Contractual Services	2,225,156	2,504,838	(279,682)	-11%
453.10	LEAN Energy	13,320	20,000	(6,680)	-33%
453.15	Don Dame	3,865	8,333	(4,468)	-54%
453.20	SMUD - Credit Support	489,581	465,019	24,561	5%
453.21	SMUD - Wholesale Energy Services	479,720	480,463	(743)	0%
453.22	SMUD - Call Center	630,534	627,033	3,501	1%
453.23	SMUD - Operating Services	134,179	251,182	(117,003)	-47%
	Legal PG&E Bankruptcy	-	20,500	(20,500)	-100%
	Legal General Counsel	26,631	123,000	(96,369)	-78%
453.36	Regulatory Counsel	167,270	158,260	9,010	6%
453.37	Joint CCA Regulatory counsel	17,276	25,625	(8,349)	-33%
453.38	Legislative Support	50,000	51,250	(1,250)	-2%
453.40	Accounting Services	19,240	20,500	(1,260)	-6%
453.42	Audit Fees	43,100	59,963	(16,863)	-28%
453.60	PG&E Acquisition Consulting	849	-	849	100%
459.05	Marketing Outreach	149,591	193,710	(44,120)	-23%
	Rents & Leases	13,752	14,625	(873)	-6%
457.10	Hunt Boyer Mansion	16,894	14,625	2,269	16%
	Other A&G	262,920	311,829	(48,909)	-16%
459.10	PG&E Data Fees	240,666	230,693	9,972	4%
459.15	Community Engagement Activities & Sponsorships	2,359	5,125	(2,766)	-54%
459.20	Insurance	4,905	6,285	(1,380)	-22%
459.08	New Member Expenses	-	57,500	(57,500)	-100%
459.70	Banking Fees	14,990	1,025	13,965	1362%
	Program Costs	-	11,200	(11,200)	-100%
463.00	Miscellaneous Operating Expenses	4,355	5,238	(883)	-17%
463.99	Contingency	-	195,278	(195,278)	-100%
	TOTAL OPERATING EXPENSES	$ 47,174,514	$ 43,303,961	$ 3,870,554	9%
481.10	Interest on RCB loan	47,205	48,182	(977)	-2%
482.10	Interest Expense - SMUD	431	646	(215)	-33%
	NET INCOME	$ (1,862,188)	$ (3,699,182)	$ 1,836,994	-50%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: June 10, 2021

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

The house of origin deadline has passed and the legislative session is now past the halfway point for policy bills. Both the Senate and Assembly employed a stricter 12 bill limit on the number of bills each legislator may move in the 2021 session and the number of bills still alive at this point in the session has been reduced. Bills will now be considered in policy committees of the other house over the next six weeks, concluding this part of the process on July 16 when the Legislature adjourns for its four-week summer recess.

Legislation has mostly taken a backseat to the budget process and will continue to do so over the coming weeks. Governor Newsom released an historic May Revision, proposing around May 15 and the Legislature will then have a month to send its budget proposal to the Governor by the June 15 deadline. The state is currently in an enviable budget situation, having more money than it quite knows what to do with. Better than expected tax revenues combined with federal stimulus dollars have created an opportunity for the state to fund many of its priorities and needs coming out of the pandemic.

The decisions made on the budget and with legislation will be scrutinized against the recall effort against Governor Newsom, which has officially qualified for a November vote. Going forward, the recall will loom large over the Capitol.

VCE's current legislative efforts are concentrated on the following two bills, both of which made significant progress in the month of April:

1. SB 612 (Portantino). Electrical Corporations. Allocation of Legacy Resources.
Summary: This bill adds new sections to the Public Utilities Code that are designed to ensure fair and equal access to the benefits of legacy resources held in IOU portfolios and management of these resources to maximize value for all customers.

Specifically, the bill will:

1) Provide IOU, CCA, and direct access customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.
2) Require the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.

SB 612 passed the Senate Floor on a 33-6 vote and now heads over to the Assembly where it will next be heard in the Assembly Utilities & Energy (U&E) Committee. SB 612 faces considerable challenge as it moves forward as the CPUC issued a decision in its proceeding contemplating the issues that SB 612 proposes to resolve. It is not yet clear if the U&E Committee is willing to move forward a bill that proposes changes to a CPUC decision. PG&E and SCE continue to oppose and IBEW 1245 has also taken an oppose position.

Additional Information

- VCE Position: Support
- CalCCA Position: Sponsor
- Next hearing: The bill will likely be heard in Assembly Utilities & Energy Committee, a hearing date has not yet been set.
- Bill language: SB 612

2. AB 843 (Aguiar-Curry). California Renewable Portfolio Standard Program: Renewable Feed-in-Tariff.

Summary: This bill authorizes CCAs to voluntarily bring contracts to the CPUC for bioenergy projects procured via the BioMAT feed-in-tariff. The bill would clarify that CCAs are eligible to retain the renewable portfolio standard and resource adequacy benefits of the energy procured under this section.

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

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

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

AB 843 successfully passed the Assembly Floor on a nearly unanimous 78-0 vote. The bill heads over to the Senate where it will be heard in the Senate Energy, Utilities & Communications (EUC) Committee. Amendments from the Appropriations Committee direct CCA contracts to align with IOU contracts submitted under the BioMAT program to reduce costs presented by the CPUC. The IOUs continue to raise concerns about the language of the bill, but negotiations thus far have diffused their arguments to hold up the bill.

Additional Information

- VCE Position: Support
- CalCCA Position: Support
- The bill is being co-sponsored by MCE and Pioneer Community Choice Energy.
- Next hearing: The bill will next be heard by the Senate Energy, Utilities & Communications Committee, a hearing date has not yet been set.
- Bill language: [AB 843]

There are numerous bills that have been introduced and starting to be vetted through various policy committees. Aside from the two bills mentioned above, staff wanted to highlight the following bills to the Board.

Measure	Summary	Calendar	VCE Position	CalCCA Position
AB 64 (Quirk)	AB 64 would require the PUC and CEC to develop a strategy, by January 1, 2024, that achieves (1) a target of 5 gigawatthours of operational long-term backup electricity, as specified, by December 31, 2030, and (2) a target of at least an additional 5 gigawatthours of operational long-term backup electricity in each subsequent year through 2045. The bill would require the PUC, by January 1, 2024, to submit the strategy developed in a report to the Legislature, and by January 1 of each 4th year thereafter, through January 1, 2044, would require the PUC to submit a report to the Legislature detailing the progress made toward achieving the targets of the long-term backup electricity supply strategy.	Held in Asm. U&E This bill is now a 2-year bill	None	None
AB 361 (R. Rivas)	Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state or local emergency, as those terms are defined, when state or	Sen. Gov. & Finance Passed the Asm.	Developing Position	None

	local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.			
AB 427 (Bauer-Kahan)	Establishes rules that allow demand response program and resources procured by an LSE to meet the LSE's resource adequacy requirements regardless of whether the program is integrated into the CAISO market. Additionally, the bill adopts a baseline methodology that treats energy storage charging as load in baseline calculations for DR programs and allows BTM solar + storage participating in a DR program to deliver electricity to the grid to provide RA. Lastly, the bill directs the CPUC to establish a capacity valuation methodology for storage and solar + storage BTM resources and that it applies to DR resources coupled with solar + storage.	Held in Asm. Appropriations This bill is now a 2-year bill	Watch	Watch
AB 1088 (Mayes)	This bill would establish the California Procurement Authority (CPA) as a state-level central procurement entity for the electric sector, including as a provider of last resort (POLR) for load-serving entities (LSEs) that opt out of the procurement function. The CPA would also fill any resource adequacy (RA) and integrated resource planning (IRP) procurement gaps and serve as an LSE for customers not served by another LSE. There is a lot in this bill and if the bill sounds familiar, that's because it is very similar to a bill sponsored by CalCCA in 2020 however this bill adds POLR provisions. The bill is sponsored by San Diego Gas & Electric and is meant to create a pathway for them to exit the retail side of their business.	Held in Asm. U&E This bill is now a 2-year bill	Developing Position	Support if Amended

AB 1161 (E. Garcia)	Officially, AB 1161 aims to fast-track the deployment and procurement of new zero carbon energy resources to fulfill 100% of state agency needs by 2030, in addition to LSE procurement. Officially, AB 1161 also seeks to assist in balancing the grid, increasing reliability, and facilitating integration of other renewables with these new investments. There is concern that AB 1161 is actually seeking to create a pathway for long duration pumped storage to be built in and near Joshua Tree National Park. AB 1161 seeks to accomplish the official and unofficial goas by: Accelerating the SB 100 zero carbon electricity target for state agencies from 2045 to 2030, requiring the California Department of Water Resources (DWR) to enter into PPAs for the development of new zero GHG resources to satisfy the accelerated target for all state agencies, coordinating available state incentives and financing assistance to lower the cost of electricity from state-procured resources, permitting state agencies to remain with existing LSEs (including CCA and no new obligations or costs would be assigned to existing LSEs), and funding net above-market costs of long-term contracts from sources other than utility rates including the general fund. Rather than directly serving the state agency load, the bill would require the DWR to invest in new projects in an amount equivalent to the load, and then re-sell the RA attributes and energy (but not RECs) back into the wholesale markets. LSEs would not include the state agency load in their Power Source Disclosure label or in their RPS requirements.	Held in Asm. U&E This bill is now a 2-year bill	Developing Position	Oppose Unless Amended

SB 67 (Becker)	The bill would establish the California 24/7 Clean Energy Standard Program, which would require that 85% of retail sales annually and at least 60% of retail sales within certain subperiods by December 31, 2030, and 90% of retail sales annually and at least 75% of retail sales within certain subperiods by December 31, 2035, be supplied by eligible clean energy resources, as defined.	Held in Sen. EUC This bill is now a 2-year bill	Developing Position	None
SB 99 (Dodd)	Would set forth guiding principles for plan development, including equitable access to reliable energy, as provided, and integration with other existing local planning documents. The bill would require a plan to, among other things, ensure that a reliable electricity supply is maintained at critical facilities and identify areas most likely to experience a loss of electrical service. This bill contains other related provisions.	Asm. U&E Passed Senate	Support	None
SB 204 (Dodd)	Places the Base Interruptible Program (BIP) into statute. The BIP is an emergency electricity demand response program established by a proceeding years ago. The program is regulated by the PUC and used as a last line of defense against rolling blackouts. While the bill places the program in statute, it only makes reference to the IOUs offering and administering the program even though an existing decision allows CCAs to offer and administer the program to their customers.	Held on Sen. Appropriations Suspense File This bill is now a 2-year bill		Watch

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: June 10, 2021

Please find attached Keyes & Fox's May 2021 Regulatory Memorandum dated June 3, 2021, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated June 3, 2021.

KEYES&FOX LLP

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance ("VCE") Board of Directors

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

Subject: Regulatory Update

Date: June 3, 2021

Summary

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

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

- **New: 2022 ERRA Forecast:** On June 1, 2021, PG&E filed its 2022 ERRA Forecast application, preliminarily forecasting that in 2022 the system average bundled service customer rate will increase by 2.4%, the system average Direct Access and CCA rate will decrease by 9.6%, and the departing load rate will increase by 1.7%. *Additional details on PG&E's proposals will be provided in the July 2021 regulatory memo.*
- **PCIA Rulemaking:** The CPUC issued D.21-05-030 on the PCIA cap and portfolio optimization. The ALJ also issued a Ruling providing Energy Division's proposal regarding the timeline for issuing Market Price Benchmark calculations used in the annual ERRA Forecast proceedings to calculate the PCIA. The proposal will potentially give parties more time to litigate the ERRA forecast proceeding.
- **Direct Access Rulemaking**: Commissioner Martha Guzman Aceves issued a Proposed Decision in Phase 2 of this proceeding recommending against any re-opening of Direct Access to additional non-residential customers.
- **IRP Rulemaking:** The ALJ issued a Proposed Decision and Commissioner Rechtschaffen issued an Alternate Proposed Decision that, if approved, would impose an 11,500 MW by 2026 procurement mandate for new or incremental net qualifying capacity to be met through long-term (10 year or longer) contracts by all LSEs, including CCAs.
- **RA Rulemaking (2021-2022):** The ALJ issued a Proposed Decision that would adopt local capacity requirements for 2022-2024, flexible capacity requirements for 2022, and refinements to the RA program, which could impact the value and eligibility requirements for RA resources, including Demand Response, as well as impact future compliance obligations and increase potential penalties for repeated non-compliance with RA requirements. The CPUC Executive Director also granted an extension of time for LSEs in SCE and PG&E territories to commit to the

Central Procurement Entity to show self-procured local resources for 2023 and 2024 from the *April-May 2021* deadline to *April-June 2021*.

- **Ensuring Summer 2021 Reliability:** The ALJ issued a Proposed Decision that would modify D.21-03-056 with respect to the day-of trigger in the emergency load reduction program by resolving an inconsistency in the decision. The CPUC also issued an Order denying three Applications for Rehearing of D.21-03-056.
- **RPS Rulemaking:** The ALJs issued a Ruling granting a one-month extension for filing draft 2021 RPS Procurement Plans, which are now due July 1, 2021. Parties also filed comments on Draft Resolution E-5143, which would modify the RPS citation rules and penalty amounts for non-compliance. Finally, the ALJs issued a Ruling directing the IOUs to create a new subsection in their draft 2021 RPS Procurement Plans describing their RFI Plan for Contract Assignments and Contract Modifications to reduce excess and/or uneconomic resources in their RPS portfolios, as directed by the PCIA cap and portfolio optimization decision, D.21-05-030.
- **PG&E's Phase 2 GRC:** Parties filed opening briefs on issues not related to real-time pricing, as well as testimony on real-time pricing issues.
- **PG&E Regionalization Plan**: The ALJ held a status conference. PG&E announced the appointment of five Regional Vice Presidents and five Regional Safety Directors.
- **Provider of Last Resort Rulemaking:** The ALJ issued a Ruling scheduling a prehearing conference for June 11, 2021, and parties submitted reply comments in response to the Order Instituting Rulemaking.
- **2022-2023 Wildfire Fund Nonbypassable Charge Rulemaking:** No updates this month. A prehearing conference was held April 26, 2021.
- **PG&E's 2020 ERRA Compliance:** No updates this month. On April 19, 2021, a group of CCAs and the Public Advocates Office filed Protests of PG&E's 2020 ERRA Compliance application, to which PG&E replied on April 28, 2021. A prehearing conference was held on April 29, 2021.
- **PG&E's 2019 ERRA Compliance:** No updates this month. Parties are currently awaiting the issuance of a proposed decision.
- **RA Rulemaking (2019-2020):** No updates this month. Two applications for rehearing remain the only outstanding items to be addressed in this proceeding, which is now closed.
- **Investigation into PG&E's Organization, Culture and Governance:** No updates this month. On April 15, 2021, the CPUC issued Resolution M-4852, placing PG&E into Step 1 of the Enhanced Oversight and Enforcement process it established when approving PG&E's bankruptcy plan of reorganization.
- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month. An August PG&E Application for Rehearing remains pending regarding D.19-06-027, establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay.

PCIA Rulemaking

On May 24, 2021, the CPUC issued D.21-05-030 on the PCIA cap and portfolio optimization. The ALJ also issued a Ruling providing Energy Division's proposal regarding the timeline for issuing Market Price Benchmark calculations used in the annual ERRA Forecast proceedings to calculate the PCIA.

- **Background**: D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

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

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

- **Details**: **Decision 21-05-030** (1) removes the cap and trigger for PCIA rate increases, (2) authorizes new Voluntary Allocation, Market Offer, and Request for Information processes for RPS contracts subject to the PCIA, (3) approves a process for increasing transparency of IOU RA resources, and (4) authorize SCE to continue to apply the approach to greenhouse-gas free resources approved in Resolution E-5095 through December 31, 2023.

  Voluntary Allocations of RPS resources will include the following features: (a) LSEs may elect to take a short-term allocation, a long-term allocation, or may choose to decline all or a portion of their allocation; (b) each election will be made in 10% increments of the LSE's forecasted annual load share; (c) LSEs electing to accept allocations will be required to pay the applicable year's market price benchmark for attributes received and may be required to meet certain credit or collateral requirements, netting agreements or other commercial arrangements; (d) long-term allocations will last through the end of the term of the longest contract in the PCIA vintage, with the exclusion of evergreen contracts and utility-owned generation resources, and once accepted, the LSE may not decline its long-term allocation election in future years; (e) an LSE's long-term allocation election must be set at a fixed percentage of its forecasted, vintaged, annual load share, with the LSE's forecasted vintaged, annual load shares and the RPS energy deliveries changing from year to year based on the updated forecasts of vintaged, annual loads and the actual RPS energy volumes realized in each year of the allocation term; and (f) LSEs *will* be able to resell Voluntary Allocation shares of RPS energy, subject to the same RPS compliance requirements which already apply to IOU sales of RPS in their portfolios today. The RPS proceeding (R.18-07-003) will establish LSE reporting requirements for the resale of Voluntary Allocations shares.

  The Market Offers of RPS resources must include the following features: (a) the Market Offer must offer for sale all PCIA-eligible RPS energy remaining after a Voluntary Allocation; (b) the Market Offer process must be based upon existing processes, rules, oversight requirements, and reporting requirements for REC solicitations previously approved in the CPUC's RPS proceeding; and (c) the Market Offer process should include rules for utility participation in solicitations they administer.

  The PCIA ratemaking methodology is modified to incorporate RPS Voluntary Allocation and Market Offer transactions as follows: (1) treat Renewables Portfolio Standard Voluntary Allocations as sales at the applicable year's MPB; (2) LSE payments for Voluntary Allocations will be recorded in the Portfolio Allocation Balancing Account (PABA) and will offset costs in the PCIA; (3) IOUs will pay for their Voluntary Allocations as a debit from the ERRA balancing account and a credit to PABA; and (4) record Market Offer sales revenue in PABA.

  Each IOU is directed to propose a Request for Information for Contract Assignments and Contract Modifications in the Renewables Portfolio Standard proceeding in 2021 and 2022, and confirm Voluntary Allocations and propose Market Offers in their 2022 RPS Plans for deliveries in 2023.

  After the first RPS VAMO, any LSE may file a Tier 2 advice letter to request an RPS VAMO for an RPS compliance period where no RPS Voluntary Allocation and/or Market Offer has been held in the applicable utility service territory.

The May 20, 2021 ALJ Ruling requests comments on an attached proposal by the Energy Division regarding the timeline for issuing Market Price Benchmark calculations used in the annual ERRA Forecast proceedings to calculate the PCIA. The Ruling specifically requests parties address (1) Energy Division's proposal to shift the date to issue the Market Price Benchmark, including any possible implications that would result from this date change; and (2) since the accuracy of the forecasted adders for the first year of this timing change could be reduced to some extent because market data for September will not be included in the MPB until the following year, whether this concern should override the benefits of moving up the benchmark calculation, or whether the true up process negates this concern.

- **Analysis**: D.21-05-030 eliminates the cap-and-trigger framework for PCIA changes, with the IOUs directed to address projected 2021 year-end PCIA cap undercollection account balances in their 2022 ERRA forecast applications. Further, it denies certain proposals for Working Group 3. Importantly, the current PCIA calculation does not fully value certain of the IOUs' portfolio attributes, but D.21-05-030 rejects the allocation of these valuable PCIA attributes to CCAs as proposed by Working Group 3. The Commission reasoned that requiring unbundled customers to pay for attributes they do not receive violates the prohibition in §365.2 of the California Public Utilities Code against cost shifting between bundled and unbundled customers. D.21-05-030 also largely allows the IOUs to avoid any consequences for failing to optimize their above-market portfolios, including an IOU decision to simply decline all offers to buy out current above-market contracts. While D.21-05-030 fails to take on meaningful reform to the problematic ERRA forecast proceeding timelines and transparency issues, ALJ ruling would potentially increase the timelines for parties to litigate that proceeding.
- **Next Steps**: This proceeding remains open to consider (1) Phase 2 issues relating to ERRA proceedings and (2) whether GHG-Free resources are under-valued in the PCIA methodology, and if so, the appropriate way to address this problem. Energy Division will host a workshop on June 4, 2021, to discuss revising the annual PCIA Market Price Benchmark release date. Comments in response to the May 20, 2021 Ruling are due June 15, 2021, and reply comments are due June 22, 2021. D.21-05-030 also identified the following next steps:
    - **July 1, 2021**: Each IOU proposes a Request for Information for Contract Assignments and Contract Modifications in their draft 2021 RPS Procurement Plan.
    - **August 18, 2021**: IOUs each file a Tier 2 advice letter to justify its methodology for determining how much of its PCIA-eligible Resource Adequacy is reserved as part of its Bundled Portfolio Plan.
    - **August 18, 2021**: After meeting and conferring with parties to this proceeding, IOUs jointly file a Tier 2 advice letter to propose (1) a methodology for calculating potential Voluntary Allocation shares based on vintaged, annual load forecasts, and (2) a methodology for dividing their RPS portfolios into shares to be allocated.
    - **September 1, 2021**: PG&E, SDG&E and SCE must host a joint workshop within 14 days of filing the advice letter to discuss the proposed methodologies
    - **January 1, 2022**: PCIA cap is removed from rates.
    - **January 2022**: Once the 2021 RFIs are approved, the IOUs may request approval for Contract Assignments and Contract Modifications in response to the RFI by filing Tier 3 advice letters.
    - **February 2022**: After approval of the joint methodology advice letter, IOUs will inform LSEs of their potential Voluntary Allocation shares.
    - **May 2022**: IOUs and LSEs complete the process of determining interest in Allocation elections.
    - **June 2022**: Each IOU confirms Voluntary Allocations and propose Market Offers in their 2022 RPS Procurement Plans. LSEs request approval for Voluntary Allocations in their 2022 RPS Procurement Plans.

- **Additional Information**: D.21-05-030 on PCIA Cap and Portfolio Optimization (May 24, 2021); D.21-03-051 granting petition to modify D.17-08-026 (March 26, 2021); Amended Scoping Memo and Ruling (December 16, 2020); CalCCA/DACC/AReM Protest of PG&E AL 5973-E (November 2, 2020); PG&E AL 5973-E (October 12, 2020); CalCCA/DACC Response to Joint IOU AL on D.20-03-019 (September 21, 2020); Joint IOUs PFM of D.18-10-019 (August 7, 2020); D.20-08-004 on Working Group 2 PCIA Prepayment (August 6, 2020); D.20-06-032 denying PFM of D.18-07-009 (July 3, 2020); D.20-03-019 on departing load forecast and presentation of the PCIA (April 6, 2020); Ruling modifying procedural schedule for working group 3 (January 22, 2020); D.20-01-030 denying rehearing of D.18-10-019 as modified (January 21, 2020); D.19-10-001 (October 17, 2019); Phase 2 Scoping Memo and Ruling (February 1, 2019); D.18-10-019 Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. R.17-06-026.

Direct Access Rulemaking

On May 14, 2021, Commissioner Martha Guzman Aceves issued a Proposed Decision in Phase 2 of this proceeding recommending against any re-opening of Direct Access to additional non-residential customers. If adopted, the final decision will close this proceeding.

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

  In Phase 2, the CPUC is addressing the SB 237 mandate requiring the CPUC to provide recommendations to the Legislature on "implementing a further direct transactions reopening schedule, including, but not limited to, the phase-in period over which further direct transactions shall occur for all remaining nonresidential customer accounts in each electrical corporation's service territory." The Commission is required to make certain findings regarding the consistency of its recommendation with state climate, air pollution, reliability and cost-shifting policies as follows:

  - Be consistent with the state's GHG emission reduction goals, specifically the RPS and IRP process.
  - Not increase criteria air pollution or toxic air contaminants.
  - Ensure electric system reliability and specifically be consistent with the RA and IRP programs.
  - Not cause undue cost shifting to bundled service customers or direct transaction customers, specifically the PCIA and other mechanisms used to prevent cost shifting.

  A September 2020 Staff Report had recommended a phased re-opening (10% of additional eligible load per year) provided certain conditions were met (in line with criteria set in SB 237). CalCCA has argued that further expansion of non-residential DA is likely to adversely impact attainment of the state's environmental and reliability goals and will result in cost-shifting to both bundled and CCA customers.

  Details: The PD recommends against any further Direct Access expansion at this time based primarily on a concern that doing so "would present an unacceptable risk to the state's long-term reliability goals." The PD observes that after considering recent reliability events (i.e., the summer 2020 heat storm and resulting rolling blackouts in California and February 2021 outage event and skyrocketing electricity prices in Texas) and IRP forecasts for additional generation, expanded direct access would result in further system fragmentation that raises serious electric system reliability concerns. Further portions of the PD:

  - Observe that Direct Access providers do not have a track record of relying on long-term contracts to meet their energy needs, which could impede the development of new, needed resources.

  - Note that allowing expansion could undermine the long-term contracts that LSEs such as CCAs have already entered (i.e., due to load migration) and make it difficult for them to enter new contracts.
  - State that currently, the CPUC is not able to ensure that Direct Access expansion would not increase GHG emissions and other pollutants when compared to retaining the current cap, as Direct Access providers have historically relied primarily on unspecified power and lead to a net decline in clean energy procurement.
- **Analysis**: This proceeding will determine the CPUC's recommendations to the Legislature regarding the potential future expansion of DA in California. If adopted, the PD would reduce the risk of load migration from CCAs (or IOUs) to ESPs.
- **Next Steps**: Comments on the PD are due June 3, 2021, replies are due June 8, 2021, and the PD may be adopted, at earliest, at the June 24, 2021, CPUC meeting. When adopted, the final decision will close this proceeding.
- **Additional Information**: Proposed Decision recommending against direct access expansion (May 14, 2021); Ruling and Staff Report (September 28, 2020); Amended Scoping Memo and Ruling adding issues and a schedule for Phase 2 (December 19, 2019); Docket No. R.19-03-009; *see also* SB 237.

IRP Rulemaking

On May 21, 2021, the ALJ issued a Proposed Decision and Commissioner Rechtschaffen issued an Alternate Proposed Decision that, if either is approved, would impose an 11,500 MW by 2026 procurement mandate for new or incremental net qualifying capacity on LSEs to be met through long-term (10 year or longer) contracts.

- **Background**: On September 1, 2020, LSEs including VCE filed their 2020 IRPs, which included updates on each LSE's progress towards completing additional system RA procurement ordered for the 2021-2023 years under D.19-11-016.

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

  - General IRP oversight issues: This track will consider moving from a two-year to a three-year IRP cycle, IRP filing requirements, and interagency work implementing SB 100.
  - Procurement track: The CPUC is examining LSE plans to replace Diablo Canyon capacity and has conducted an overall assessment and gap analysis to inform a procurement order that could direct LSEs to procure additional capacity (see February 22 Ruling described below). Other issues to be addressed in this track include (1) evaluation of development needs for long-duration storage, out-of-state wind, offshore wind, geothermal, and other resources with long development lead times; (2) local reliability needs; and (3) analysis of the need for specific natural gas plants in local areas. Additional procurement requirements may also be considered.
  - Preferred System Portfolio Development: The CPUC will aggregate LSE portfolios, analyze the aggregate portfolio, and adopt a PSP.
  - TPP: *Completed*. D.21-02-028 transmitted portfolios to the CAISO for use in its TPP analysis.
  - Reference System Portfolio Development: To the extent that a new round of RSP analysis is conducted for the next IRP cycle, this proceeding will be the venue for developing and vetting the resource assumptions associated with that analysis in preparation for the next IRP cycle.

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

The February 22, 2021, Ruling presented the results of analysis by CPUC staff of the need for electric system reliability resources out to 2026, taking into consideration both the reliability issues experienced in August 2020 as well as the forthcoming retirement of Diablo Canyon. The Ruling proposed mandating that LSEs procure an additional 7,500 MW of effective capacity by 2025. Of that total, at least 1,000 MW would be required to come from geothermal resources and 1,000 MW would be required to come from long-duration storage (defined as providing 8 hours of storage or more).

- **Details**: The PD would establish a new procurement mandate of 11,500 MW of additional net qualifying capacity to be procured by 2026 by LSEs through long-term contracts. The PD would specifically order that the resources from Diablo Canyon be replaced with at least 2,500 MW of firm, zero-emitting resources. In addition, the PD specifies that the portion of the procurement mandate required for 2026 must be "long-lead-time" (LLT) resources, with half coming from long-duration storage and the other half from either firm or dispatchable zero-emitting resources. Joint procurement is encouraged but not required for this requirement. The specific breakdown of the overall 11,500 MW procurement mandate is as follows:

Table 6. Total Minimum Mid-Term Procurement Requirements (in NQC MW)

Type of Resource	2023	2024	2025	2026	Total
Firm zero-emissions resources	-	2,500	-	-	2,500
Firm and/or dispatchable zero-emitting resources	-	-	-	1,000	1,000
Long-duration storage resources*	-	-	-	1,000	1,000
Maximum fossil-fueled resources (IOUs only, by 2025)**	-	-	1,500		
Any other type of non-fossil-fueled resource	3,000	2,000	500	-	7,000
Total	**3,000**	**4,500**	**2,000**	**2,000**	**11,500**

**LSEs may request an extension by February 1, 2023 up to 2028 for the LLT resources.*

***Fossil-fueled resources meeting the requirements in this decision may be used to satisfy the IOU obligations in any of the years 2023, 2024, or 2025, and may not total more than 1,500 MW.*

To calculate individual resource contributions to the required capacity, marginal ELCC values would be used. Commission staff will finalize the marginal ELCC values that will be used to count the procurement required to be online in 2023 and 2024 by no later than August 31, 2021. Commission staff will also provide guidance on what resource counting LSEs should assume for geothermal, long duration storage, out-of-state wind, and offshore wind for online years through 2028.

<u>*Resource Eligibility:*</u> The PD specifies that the following attributes must be met for the three specific subcategories of resources required under the procurement mandate:

- **Long-duration storage resources** must be able to discharge over at least an eight-hour period.
- **Dispatchable and/or firm resources** include resources that are either firm (with a capacity factor of at least 85%) and/or have dispatchable energy delivery during hours 17 and 22 daily. The CPUC would like to see a large amount of geothermal in this category, but has broadened the category to allow for other technologies.
- **Firm, zero-emission resources** (which the PD states are expected to be largely incremental renewables paired with storage) must be incremental, available every day

during hours 17 through 22, and for every 1 MW of incremental capacity are able to deliver at least 5 MWh of energy during these time periods.

IRP 2030 GHG Target: The PD states (p.19) that the CPUC "strongly anticipate[s] the adoption of those [LSE IRP] plans that achieve the 38 MMT GHG limit by 2030, assuming that the aggregated portfolio of all LSEs achieves the necessary reliability levels." Note that this a significant decrease from the 46 MMT scenario that has previously been assumed to be the base case for 2030 GHG planning in IRPs. This, in addition to other factors, led the PD to select the "high-need" scenario instead of the "mid-need" scenario, which led the PD to recommend the higher procurement mandate (11,500 MW) compared to the previous Ruling's suggested target (7,500 MW).

Allocation of the Procurement Mandate Across LSEs: To allocate LSE procurement requirements, for IOUs and CCAs, the PD would use the 2021 year-ahead resource adequacy forecasts. **VCE's procurement obligations would total 46 MW of net qualifying capacity by 2026, as follows: 12 MW in 2023; 18 MW in 2024 (of which 10 MW must be firm, zero-emitting resources); 8 MW in 2025; and 8 MW of LLT resources in 2026.** VCE would be permitted to use resources that were not online or in-development and contracted and approved by its Board as of June 30, 2020 to count towards these requirements (i.e., contracts approved by the VCE Board and executed and after June 30, 2020, with eligible resources can count towards VCE's procurement mandates).

Compliance: LSEs will not be given the option to opt out up front from providing their proportional share of the capacity required by this order. LSEs will be required to submit procurement information twice annually to show progress toward the capacity procurement requirements in this decision. Backstop procurement to be conducted by the IOUs may be ordered by the CPUC once annually, with the costs allocated to the deficient LSEs and/or their customers. Deficient LSEs will be subject to penalties for failing to deliver the capacity required in 2023-2025 at the level of the net cost of new entry. Penalties will not be assessed on any LSE failing to procure the LLT resources required in 2026; LSEs showing a good faith effort to procure these resources may be granted an extension until 2028 before facing potential penalties. The February 1, 2023 compliance filing will be the first check on the status of LLT resource procurement.

Alternate PD: The alternate PD differs from the proposed decision with respect to eligibility and authorization for resources utilizing fossil fuels. The PD provides that incremental capacity from fossil-fueled resources that represent efficiency improvements, upgrades, or repowering at existing sites may be used to satisfy between 1,000 MW and 1,500 MW of the total 11,500 MW, to be procured by the IOUs only by 2025. In contrast, the alternate PD provides that incremental capacity from conventional fossil-fueled resources that represent efficiency improvements, upgrades, or expansions at existing facilities that are not located in a disadvantaged community are required and will be used to satisfy 500 MW of the total 11,500 MW, to be procured by the IOUs only by 2025. In addition, the alternate PD authorizes IOUs to procure up to 300 MW from eligible fossil-fueled resources that commit to using specified portions of green hydrogen fuel throughout the contract term.

- **Analysis**: The PD or Alternate PD would substantially increase the total amount of procurement required compared to the 7,500 MW proposed in the February 2021 Ruling. It would create new procurement obligations and associated compliance obligations on VCE, including procurement of long-duration storage, firm and/or dispatchable resources, and firm, zero-emissions resources. A significant portion of VCE's overall obligations under the PD may have already been achieved through contracts VCE has executed since June 30, 2020, although the carve-outs for specific resource types (e.g., long-duration storage) may require additional procurement. The primary distinction between the PD and Alternate PD is that the latter would authorize smaller amounts of fossil fuel procurement by the IOUs, while specifically authorizing green hydrogen procurement.
- **Next Steps**: The schedule is as follows:

- Procurement track: Comments on the PD and Alternate PD are due June 10, 2021, replies due June 15, 2021, and the PD or Alternate PD may be adopted, at earliest, at the June 24, 2021 CPUC meeting.
- General IRP oversight issues: A Proposed Decision on moving from two-year to three-year IRP cycle is anticipated to be issued soon.
- Preferred System Portfolio Development: A ruling proposing PSP, procurement, and the 2022-23 TPP portfolio is anticipated in Q2 2021, followed by a proposed decision in Q3 2021.

- **Additional Information**: Proposed Decision and Alternate Proposed Decision establishing a 11,500 MW by 2026 procurement mandate (May 21, 2021); Ruling Setting August 1, 2021 Procurement Compliance Deadline (April 9, 2021); Ruling on staff reliability analysis and 7,500 MW by 2025 procurement mandate (February 22, 2021); D.21-02-028 recommending portfolios for CAISO's 2021-2022 TPP (February 17, 2021); D.20-12-044 establishing a backstop procurement process (December 22, 2020); Ruling requesting comments on IRP evaluation (December 8, 2020); Ruling providing Staff Proposal on resource procurement framework (November 19, 2020); Email Ruling requesting comments on individual LSE IRPs (October 9, 2020); Scoping Memo and Ruling (September 24, 2020); Resolution E-5080 (August 7, 2020); Ruling on IRP cycle and schedule (June 15, 2020); Ruling on backstop procurement and cost allocation mechanisms (June 5, 2020); Order Instituting Rulemaking (May 14, 2020); Docket No. R.20-05-003.

RA Rulemaking (2021-2022)

On May 7, 2021, the CPUC Executive Director granted an extension of time for LSEs in SCE and PG&E territories to commit to the Central Procurement Entity to show self-procured local resources for 2023 and 2024 from the April-May 2021 deadline to April-June 2021. On May 21, 2021, the ALJ issued a Proposed Decision that would adopt local capacity requirements for 2022-2024, flexible capacity requirements for 2022, and refinements to the RA program addressing issues scoped as Track 3B.1 and Track 4. The Energy Division Staff hosted an exploratory workshop on May 25, 2021, to discuss ideas for advanced DER and flexible load management.

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

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

- **Details**: The proposed decision would establish the following:

  2022-2024 Local Capacity Requirements: The PD would adopt the CAISO LCR Study requirements for 2022-2024 for all local areas, but states agreement with CalCCA and PG&E that there is value in continuing the previously established LCR Working Group. The LCR Working Group is directed to submit its report into the successor RA proceeding by February 2022 addressing a series of issues including LCR reliability criteria.

2022 Flexible Capacity Requirements: The PD would adopt the amounts from the CAISO's Final FCR report, noting that on brief review (since the final CAISo report was filed on May 14, 2021) the amounts appear to be reasonable.

2022 System Requirements & Planning Reserve Margin (PRM): This section of the PD focuses on the PRM, which the CPUC increased from 15% to 17.5% on an interim basis for 2021 and 2022 in D.21-03-056, pending any further modifications in this proceeding. In the PD, the CPUC states agreement with parties opposing a further increase in the summer 2022 PRM, noting that the Energy Division has been authorized to facilitate a working group to develop assumptions for use in a loss of load expectation (LOLE) study, and that the study will be issued in the coming months for consideration in a future phase of the the proceeding. Accordingly, it retains the 17.5% PRM for summer 2022.

Maximum Cumulative Capacity (MCC) Buckets: The PD adopts a series of changes to the MCC buckets, which function as limits on the amount of RA that may be procured from resources with different characteristics. The revisions and other determinations include the following:

- All buckets will require availability of a resource on Saturday for the 2022 RA compliance year given the Summer 2020 experience with extreme peak loads occurring on some weekend days. This has the effect of modifying the DR and Categories 1 and 2 buckets to add Saturday.
- Revising the Category 1 availability criteria (4 consecutive hours of availability from 4-9 PM from May-September) to increase the monthly minimum availability from 40 hours to 100 hours and to require year-round availability.
- Declining to adopt the Energy Division's proposal to eliminate Category 2 (available from 8 to 16 hours daily) due to a lack of sufficient justification.
- Retaining the DR Category cap at 8.3% at the LSE level, declining to adopt an expanded or lowered cap or other changes proposed by different parties.

DR QC Methodology: A related issue centers on refinements to how the qualifying capacity of DR resources is determined, related in part to concerns that DR is being overvalued in the current load impact protocol (LIP) system. The Energy Division had proposed an interim 5% derate to DR QC for 2022 pending further analysis. Rather than proceed to the ELCC methodology proposed by the CAISO, or the derate proposed by the Energy Division, the PD requests that the CEC launch a stakeholder working group process as part of the 2021 IEPR and make recommendations on several topics intended to support a comprehensive and consistent DR measurement and verification strategy. The recommendations are requested by March 18, 2022, to be considered for implementation during the 2023 RA compliance year.

Demand Response Adders: Currently DR resources are credited with capacity adders based on the PRM (15%) and transmission and distribution loss factors to account for avoided reserves and reduced losses relative to transmission-connected supply resources.

RA Penalties: The PD would add a new RA deficiencies penalty structure to the current penalty structure, layering on a penalty multiplier for repeat RA deficiencies based on a point system in which 1 point is accrued for non-summer RA deficiencies and 2 points are accrued for summer RA deficiencies. Penalties would be doubled when the accrued number of points is 6-10 and tripled when the accrued penalties are 11 or greater. Deficiencies of less than 1% of the LSE's system RA requirement will not result in points being accrued. An LSE that does not have a deficiency for 24 consecutive months would have all accrued points removed. All accrued points within an RA compliance year would be carried over to the next RA compliance year. This structure would be effective for the 2022 RA compliance year.

- **Analysis**: The PD contemplates a series of refinements to the RA program that could impact VCE's RA obligations and compliance. The Local capacity requirements for the Greater Bay Area would be significantly higher for 2022-2024 than those previously adopted for 2021-2023. The changes to RA penalties would go into effect in the 2022 RA compliance year and could result in significant increases for repeated RA non-compliance. In addition, changes to the MCC buckets would go into effect for the 2022 RA compliance year and would impact the eligibility requirements of DR resources. A working group would be established to make recommendations regarding DR measurement and verification changes that could take effect in RA compliance year 2023. Finally, the overall local and flexibility capacity requirements that would be established if the PD is adopted would be used to set VCE's specific RA requirements.

- **Next Steps**: Comments on the PD are due June 10, 2021, replies are due June 15, 2021, and the PD may be adopted, at earliest, at the June 24, 2021 CPUC meeting.

- **Additional Information**: Proposed Decision adopting local capacity obligations for 2022-2024, flexible capacity obligations for 2022, and refinements to the RA program (May 21, 2021); 2022 Final Flexible Capacity Needs Assessment (May 14, 2021); 2022 Final Local Capacity Technical Study Report (April 30, 2021); Ruling providing Energy Division's demand response proposal (April 19, 2021); 2019 Resource Adequacy Report (March 19, 2021); Ruling providing Energy Division's Track 3B.2 proposal (March 17, 2021); Ruling providing Energy Division's Track 4 proposal (February 1, 2021); Scoping Memo and Ruling for Track 3B and Track 4 (December 11, 2020); D.20-12-006 on Track 3.A issues (December 4, 2020); Amended Scoping Memo on Track 3 (July 7, 2020); D.20-06-031 on local and flexible RA requirements and RA program refinements (June 30, 2020); Scoping Memo and Ruling (January 22, 2020); Order Instituting Rulemaking (November 13, 2019); Docket No. R.19-11-009.

Ensuring Summer 2021 Reliability

On May 19, 2021, the CPUC issued a Proposed Decision that would modify D.21-03-056 with respect to the day-of trigger in the emergency load reduction program (ELRP) by resolving an inconsistency in the decision. On May 20, 2021, the CPUC issued an Order denying three Applications for Rehearing of D.21-03-056.

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

  The Scoping Memo and Ruling identified two primary issues as in scope: how to (1) increase energy supply and (2) decrease demand during the peak demand and net demand peak hours in the event that a heat storm similar to the August 2020 storm occurs in the summer of 2021.

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

  D.21-03-056 instituted modifications to the planning reserve margin (PRM), effectively increasing the PRM beginning summer 2021 from 15% to 17.5%. For 2021, this results in a minimum target of incremental procurement of 450 MW for PG&E, 450 MW for SCE, and 100 MW for SDG&E. The net costs associated with this incremental procurement would be shared by all customers (including CCA customers) in each IOU's service territory. It also authorized the IOUs to implement a Flex Alert paid media campaign program to encourage ratepayers to voluntarily reduce demand during moments of a stressed grid and adopts modifications and expansions to the Critical Peak Pricing (CPP) program, to be in place for the summer of 2021. D.21-03-056 also establishes an ELRP to provide emergency load reduction and serve as an insurance policy against the need for future rotating outages. The initial duration of the ELRP pilot program would be five years, 2021-2025. After-the-fact pay-for-performance would be made at a prefixed energy-only ELRP Compensation Rate ($1,000/MWh for up to an annual 60-hour limit) applied to incremental load reduction. For PG&E, the budget caps are $3.9 million for administration and $28.6 million for customer compensation.

- **Details**: The Proposed Decision addresses refinements and clarifications on the ELRP established in D.21-03-056 as part of the CPUC's efforts to ensure electric reliability is maintained during Summer 2021. The PD would modify D.21-03-056 to clarify guidance regarding the ELRP day-of trigger. For reference, the ELRP is intended to provide the ability for the CAISO and IOUs to request load reductions during emergency conditions of high grid stress. D.21-03-056 contained an inconsistency with respect to notices to so-called "Group A" participants, which refers to certain non-residential customers and aggregators that do not participate in DR programs. The Decision provided that there is no day-of trigger for such events, but other text indicated IOUs should seek load reductions based on a CAISO emergency declaration, which are by definition day-of notices. The PD clarifies that the ELRP will have both day-of and day-ahead triggers for Group A participants, without an option for participants to opt-out of the day-of trigger. Following an Alert, Emergency, Warning (AWE) declaration from the CAISO the IOUs are directed to exercise their discretion to activate the day-of trigger, which may occur for all participants at the same time or be selectively staggered over time. The start time and duration specified by the IOU will define the ELRP event window for Group A participants called using the day-of trigger, similar to the day-ahead alert. The IOUs would be directed to file a joint supplemental Tier 1 AL implementing the change within 15 days of the adoption of a Decision.

The rehearing requests of D.21-03-056 concerned the use of fossil-fueled resources and the limits (or lack thereof) that the Decision placed on them as summer 2021 reliability resources. The CPUC's Order on rehearing found that the evidence it relied on was sufficient for indicating a need for capacity resources, that no intervenor's rights to due process were violated, and that nothing prohibits the CPUC ordering procurement of natural gas resources where it deems them necessary. The Order left certain aspects of the rehearing requests related to the use of fossil fueled back-up generation unaddressed.

- **Analysis**: The PD would resolve an inconsistency in D.21-03-056 by directing the inclusion of a day-of trigger for Group A participants in the ELRP. D.21-03-056 did not address VCE's proposed Agricultural AutoDR Demand Flexibility Pilot, but the proceeding was kept open to consider proposals for summer 2022 and it included revised language on CCA and IOU coordination to encourage CCA customer participation in load shedding programs.
- **Next Steps**: Comments on the PD are due June 8, 201, reply comments are due June 14, 2021, and the PD may be adopted, at earliest, at the June 24, 2021, CPUC meeting.
- **Additional Information**: Order denying applications for rehearing (May 20, 2021); Proposed Decision (May 19, 2021); Ruling Noticing Future Order Clarifying D.21-03-056 (April 27, 2021); Californians for Renewable Energy Application for Rehearing of D.21-03-056 (April 26, 2021); Protect Our Communities Foundation Application for Rehearing of D.21-03-056 (April 26, 2021); California Environmental Justice Alliance, Union of Concerned Scientists, and Sierra Club's Application for Rehearing of D.21-03-056 (April 26, 2021); D.21-03-056 (March 25, 2021); CAlifornians for Renewable Energy Application for Rehearing of D.21-02-028 (March 19, 2021); Protect Our Communities Foundation Application for Rehearing of D.21-02-028 (March 19, 2021); California Environmental Justice Alliance, Union of Concerned Scientists, and Sierra Club Application for Rehearing of D.21-02-028 (March 12, 2021); D.21-02-028 directing IOUs to seek additional capacity for summer 2021 (February 17, 2021); PG&E AL 6089-E and AL 6088-E on summer 2021 capacity procurement (February 16, 2021) Assigned Commissioner's Ruling directing IOU contracts for additional capacity (December 28, 2020); Scoping Memo and Ruling (December 21, 2020); ALJ Ruling and Staff Proposal (December 18, 2020); Order Instituting Rulemaking (November 20, 2020); Docket No. R.20-11-003.

RPS Rulemaking

On May 7, 2021, the ALJs issued a Ruling granting a one-month extension for filing draft 2021 RPS Procurement Plans, which are now due July 1, 2021. Parties filed comments on Draft Resolution E-5143, which would modify the RPS citation rules and penalty amounts for non-compliance, on May 17, 2021. On May 26, 2021, the ALJs issued a Ruling directing the IOUs to create a new subsection in their draft 2021 RPS Procurement Plans describing their RFI Plan for Contract Assignments and Contract

Modifications to reduce excess and/or uneconomic resources in their RPS portfolios, following the PCIA decision (see PCIA Rulemaking section above for additional details).

- **Background**: This proceeding addresses ongoing RPS issues. VCE submitted its Final 2020 RPS Procurement Plan on February 19, 2021, and its 2019 RPS Compliance Report on August 3, 2020.

  Staff's Proposed Framework for integrating RPS Procurement Plan requirements into the IRP proceeding uses a two-phased approach that makes a relatively minor change to RPS reporting in the current IRP cycle, while fully integrating all elements of RPS Procurement Plans into the next IRP cycle, proposed to commence in the 2023 calendar year (instead of 2022, under the current two-year cycle, although the issue of a two-year versus three-year cycle is not discussed).

  D.21-01-005, issued in January 2021, praised VCE's draft 2020 RPS Procurement Plan, pointing to it as a "best example" or "best practice" in seven sections of the Plan for other LSEs to emulate in their updates. D.21-01-005 also identified several areas for VCE and most other LSEs to update or modify in its Final 2020 RPS Procurement Plan, which VCE completed through its February 19, 2021 submission.

- **Details**: The draft 2021 RPS Procurement Plan deadline was extended in response to a request by EBCE.

  Draft Resolution E-5143 would authorize the CPUC staff to penalize retail sellers for non-compliance with mandatory RPS filing deadlines and reporting requirements, including draft RPS Procurement Plans. The Draft Resolution pointed to a large number of CCA and ESP draft RPS Procurement Plans that have contained deficiencies in recent years as an impetus for this change to the citation program. Draft Resolution E-5143 also describes the process for challenging a penalty under the RPS Citation Program and details the applicable penalties for specified violations.

  The May 26 Ruling directing the IOUs to create a new subsection in their draft 2021 RPS Procurement Plans describing their RFI Plan for Contract Assignments and Contract Modifications to reduce excess and/or uneconomic resources in their RPS portfolios is in response to the recent PCIA decision, which is discussed in more detail above.

- **Analysis**: VCE is in the process of drafting its 2021 RPS Procurement Plan and is well positioned to achieve its RPS compliance obligations, having already procured the majority of its RPS obligations for the both the current 2021-2024 compliance period and for future compliance periods through 2030. Draft Resolution E-5143 would expand the RPS citation program, perhaps most significantly by authorizing the CPUC to penalize deficient retail seller *draft* RPS Procurement Plans, although the nature of the deficiency that could rise to the level of resulting in a penalty is somewhat unclear. The new subsection of the IOUs draft 2021 RPS Procurement Plans would provide VCE with information on PG&E's RFI Plan for Contract Assignments and Contract Modifications to reduce excess and/or uneconomic resources in their RPS portfolios.

- **Next Steps**: Draft 2021 RPS Procurement Plans are due July 1, 2021, and the 2020 RPS Compliance Report is due August 1, 2021. Comments on the draft 2021 RPS Procurement Plans are due July 30, 2021, reply comments are due August 8, 2021, and motions to update draft 2021 RPS Procurement Plans are due August 9, 2021. Responses to the April 22 Ruling on the ReMAT program are due June 9, 2021, and replies are due June 23, 2021. A PD aligning RPS and IRP filings is anticipated to be issued soon, followed by an opportunity for comments and reply comments

- **Additional Information**: Ruling aligning IOU RPS Procurement Plan requirements with PCIA decision (May 26, 2021); Ruling extending deadline for draft 2021 RPS Procurement Plan (May 7, 2021); Draft Resolution E-5143 on RPS Citation Program (April 23, 2021); Ruling on ReMAT program (April 22, 2021); Ruling establishing issues and schedule for 2021 RPS Procurement Plans (March 30, 2021); Joint Petition for Modification of D.13-05-034 (February 11, 2021); D.21-01-005 directing retail sellers to file final 2020 RPS Procurement Plans (January 20, 2021); Order Granting Rehearing of D.17-08-021 (November 23, 2020); D.20-10-005 resuming and modifying the ReMAT program (October 16, 2020); [Ruling] on [Staff proposal] aligning RPS/IRP filings (September 18, 2020); D.20-08-043 resuming and modifying the BioMAT program (September 1, 2020); D.20-02-040 correcting D.19-12-042 on 2019 RPS Procurement Plans (February 21, 2020); Ruling on RPS confidentiality and transparency issues (February 27, 2020); D.19-12-042 on 2019 RPS Procurement Plans (December 30, 2019); D.19-06-023 on implementing SB 100 (May 22, 2019); D.19-02-007 (February 28, 2019); Scoping Ruling (November 9, 2018); Docket No. R.18-07-003.

PG&E's Phase 2 GRC

Opening briefs on issues not related to real-time pricing (RTP) were filed May 20, 2021. Intervenor testimony regarding RTP issues was filed May 28, 2021.

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

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

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

- **Details**: Five settlement agreements are pending. The **Revenue Allocation Supplemental Settlement Agreement** resolves all of the inter-class revenue allocation issues. Regarding bundled PCIA allocation, the parties agreed to remove PCIA at present rates before allocation and reallocate to the classes in proportion to the adopted generation allocation. The settling parties also agreed to keep in Distribution the revenues for DR programs and EV programs. The settling parties agreed to move Energy Efficiency Incentives revenues from Distribution to Public Purpose Programs and allocate them by the Equal Percentage of Total Revenue method.

  The **Agricultural Rate Design Supplemental Settlement Agreement** resolves the agricultural rate design issues in this proceeding, except for the issue of a proposed bill credit for PSPS events. The settling parties agreed to the rate designs proposed by PG&E in its opening testimony, for default Schedules AG-A1, AG-A2, AG-B, and AG-C and opt-in Schedules AG-FA, AG-FB, and AG-FC, as well as the demand charge rate limiter for Schedule AG-C, the elimination of the monthly TOU meter charge, maintaining the status quo for the Optimal Billing Period Program, and Peak Day Pricing provisions. Additionally, settling parties agreed to create new optional rate Schedules AG-A3 and AG-B2 that reduce the summer off-peak energy charges below the electric bundled system average rate. The settling parties agreed that the following four issues should not be decided in this case: A new 10-year legacy TOU period, a springtime rate or balancing account adjustment, daily demand charges, and an account or demand aggregation program.

  In the **Economic Development Rate (EDR) Supplemental Settlement Agreement** settling parties reached a settlement agreement to continue the EDR program with program-related rate reductions. PG&E's EDR rate reduces both the transmission, distribution, and the generation portions of customer bills. The settlement would provide that the EDR discount should be set in a way that enables CCAs to offer comparable rates, and PG&E and Joint CCAs agreed to a collaborative process to identify and vet EDR applicants that will make it easier for CCAs to provide a generation rate reduction to CCA customers who qualify for PG&E's EDR. The rate reductions for EDR will be separated between generation and distribution amounts, with the deduction to the generation portion specified in the settlement agreement being substantially less than under the current allocation.

The **Commercial and Industrial Rate Design Supplemental Agreement** resolves Commercial and Industrial rate design issues, apart from the issue of CPUC action on the design of PG&E's transmission rates. The settling parties agreed that PG&E should set bundled PCIA initially equal to the most recent vintage PCIA, but use the adopted allocation for generation to set going forward PCIA rates. PG&E would set SOP rates to recover at least the PCIA. The tariff presentation of the PCIA for bundled generation rates would be modified as set forth in PG&E's rebuttal testimony, which proposed alternative tariff language in response to Joint CCAs' proposals.

The **Residential Rate Design Supplemental Settlement Agreement** resolves all residential rate design issues in the proceeding, including:

- The PCIA will be identified for bundled customers as a flat rate (not differentiated by season or TOU period).
- PG&E's proposal for tiered rate levels for Schedule E-1 should be approved.
- PG&E's proposal to keep the Schedule E-TOU-C (*i.e.,* default residential TOU rate) peak versus off-peak price differentials at their current levels until 12 months after the last cohort of PG&E's customers are migrated to default TOU rates should be approved, and future changes over the following three years are specified in the Settlement Agreement.
- PG&E's Schedule E-ELEC should be approved, with the fixed charge set at $15 per customer per month. Since this new E-ELEC rate requires structural changes to PG&E's billing system, PG&E anticipates that it would take at least twelve months after a final decision is issued in this proceeding before it could be programmed, tested, and implemented.
- PG&E will host two workshops to discuss the collection of key information regarding customers who engage in electrification efforts, and the data collected will be provided to interested stakeholders and the Commission as part of a formal Measurement and Evaluation (M&E) study.

- **Analysis**: This proceeding will not impact the transparency between a bundled and unbundled customer's bills because of the Working Group 1 decision in the PCIA rulemaking, though the JCCAs recommend in testimony that more transparency be reflected in utility tariffs. However, it will affect the allocation of PG&E's revenue requirements among VCE's different rate classes. It will also affect distribution and PPP charges paid by VCE customers to PG&E. Further, PG&E includes a cost-of-service study the purpose of which is to establish the groundwork for separating net metering customers into a separate customer class in the utility's next rate case. If PG&E's proposed CCA fee revisions are adopted, it could increase the cost VCE pays to PG&E for various services, to the extent VCE uses these services.
- **Next Steps**: Reply briefs on non-RTP issues are due June 10, 2021, and a CPUC decision on non-RTP issues is anticipated for October 2021. Rebuttal testimony on RTP issues is due July 30, 2021, followed by an evidentiary hearing in September 2021, and a decision on RTP issues is anticipated in May 2022.
- **Additional Information**: Motion to adopt Commercial and Industrial Rate Design Supplemental Agreement (April 13, 2021); Motion to adopt Revenue Allocation Supplemental Settlement Agreement (April 8, 2021); Motion to adopt Agricultural Rate Design Supplemental Settlement Agreement (April 8, 2021); Motion to adopt Economic Development Rate (EDR) Supplemental Settlement Agreement (April 8, 2021); Motion to adopt residential rate design settlement (March

29, 2021); Notice of Virtual Evidentiary Hearing (March 25, 2021); Scoping Memo and Ruling (February 16, 2021); Ruling bifurcating RTP issues into separate track (February 2, 2021); PG&E Status Report (December 18, 2020); D.20-09-021 on EUS budget (September 28, 2020); Ruling extending procedural schedule (July 13, 2020); Exhibit (PG&E-5) (May 15, 2020); Scoping Memo and Ruling (February 10, 2020); Application, Exhibit (PG&E-1): Overview and Policy, Exhibit (PG&E-2): Cost of Service, Exhibit (PG&E-3): Revenue Allocation, Rate Design and Rate Programs, and Exhibit (PG&E-4): Appendices (November 22, 2019); Docket No. A.19-11-019.

PG&E Regionalization Plan

The ALJ held a status conference on May 18, 2021. On May 27, 2021, PG&E announced the appointment of five Regional Vice Presidents and five Regional Safety Directors.

- **Background**: PG&E was directed to file a regionalization proposal as a condition of CPUC approval of its Plan of Reorganization in I.19-09-016. On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. PG&E proposes to divide its service area into five new regions. PG&E will appoint a Regional Vice President by June 2021 to lead each region, along with Regional Safety Directors to lead its safety efforts in each region. The new regions would include five functional groups that report to the Regional Vice President encompassing various functions including: (1) Customer Field Operations, (2) Local Electric Maintenance and Construction, (3) Local Gas M&C, (4) Regional Planning and Coordination, and (5) Community and Customer Engagement. Other functions will remain centralized, such as electric and gas operations, risk management, enterprise health and safety, the majority of existing Customer Care and regulatory and external affairs, supply, power generation, human resources, finance, and general counsel.

  In August 2020, parties filed protests and responses to PG&E's application. Of note, South San Joaquin Irrigation District filed a Protest arguing that PG&E's regionalization effort should not create a moratorium or interfere with municipalization efforts. In addition, five CCAs filed responses or protests to PG&E's application, with MCE and EBCE filing protests and City of San Jose, City and County of San Francisco, and Pioneer Community Energy filing responses. CCA responses/protests sought more information on the implications of regionalization on CCA customers, CCA operations, and CCA-PG&E coordination; PG&E's overarching purpose, goals, and metrics to judge success of regionalization; the delineation between centralized and decentralized functions in PG&E's application; and budgets and cost recovery related to regionalization, among other issues. CCAs also identified various concerns specific to their CCAs (e.g., EBCE's and MCE's service areas would both be split across two PG&E regions; SJCE expressed concern with its service area being assigned to the Central Coast region; Pioneer expressed concern that it would be the only CCA in its region, which would be the only region not to be "anchored" by an urban area).

- **Details**: PG&E submitted its updated regionalization proposal on February 26, 2021. In response to feedback, PG&E modified its five regions (renamed North Coast, North Valley & Sierra, Bay Area, South Bay & Central Coast, and Central Valley), including moving Yolo County from Region 1 to Region 2 (North Valley & Sierra), where it would be grouped with the following counties: Colusa, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Solano, Sutter, Tehama, and Yuba. PG&E also provided more information on the new leadership positions that it is creating and its "Lean Operating System" implementation. Currently, PG&E is in Phase 1 of 3 of its regionalization plan, which is focused on refining regional boundaries, establishing roles and governance for regional leadership, and recruiting and hiring for those positions. In Phase 2 (second half of 2021 through 2022), PG&E will establish and implement the regional boundaries and provide the resources and staffing to support it. In Phase 3 (2023 and after), PG&E will continue to reassess, refine and collaborate with other functional groups to improve efficiencies, safety, reliability and customer service.

- **Analysis**: The implications of PG&E's regionalization plan on CCA operations, customers, and costs are largely unclear based on the information presented in PG&E's application and updated application. PG&E's regionalization plan could impact PG&E's responsiveness and management of local government relations and local and regional issues, such as safety, that directly impact VCE customers. It could also impact municipalization efforts, although this issue has not been explicitly addressed and remains unclear at this time. As part of Region 2, VCE would be grouped with several northern counties in central and eastern California.
- **Next Steps**: TBD.
- **Additional Information**: Notice of status conference (April 30, 2021); PG&E Updated Regionalization Proposal (February 26, 2021); Ruling modifying procedural schedule (December 23, 2020); Scoping Memo and Ruling (October 2, 2020); Application (June 30, 2020); A.20-06-011.

Provider of Last Resort Rulemaking

On April 30, 2021, the ALJ issued a Ruling scheduling a prehearing conference for June 11, 2021. Parties submitted reply comments in response to the Order Instituting Rulemaking on May 10, 2021.

- **Background**: A POLR is the utility or other entity that has the obligation to serve all customers (e.g., PG&E is currently the POLR in VCE's territory). In 2019 the Legislature passed SB 520, which defined POLR for the first time in statute, confirmed that each IOU is the POLR in its service territory, and directed the Commission to establish a framework to allow other entities to apply and become the POLR for a specific area (a "Designated POLR"). This rulemaking will implement SB 520. It provides for a two-phased rulemaking so that the POLR requirements for the current POLRs can be established prior to addressing a framework for a Designated POLR. Phase 1 will focus on the issues necessary for a comprehensive framework for the existing POLRs (IOUs). It 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 set rules that allow a different entity (i.e., a CCA, ESP, or a third-party) to be designated as POLR, including setting the requirements and application process. Emergent issues and cross-over issues will be considered in both phases depending on the circumstances.
- **Details**: CalCCA's OIR comments provided the following recommendations:
    - The POLR should provide service for a short duration (three – six months) from short term procurement with costs allocated to those that receive POLR service.
    - Existing structures (e.g., Financial Security Requirements, Transitional Bundled Service, System RA Waiver for the POLR in limited circumstances, etc.) can be used directly while others can be expanded or adjusted for the purpose of addressing POLR needs (e.g., Load Transfer and CCA implementation time frames and processes).
    - CPUC should examine ways in which retail providers could voluntarily take on customer service from defaulting LSEs in a "next to last provider" arrangement which could obviate or reduce the need for a POLR.
    - CPUC should ensure that rules regarding procurement are imposed equitably on all LSEs such that the requirements are stable and transparent in a manner that LSEs can procure as necessary to comply with requirements while providing reliable, affordable, and environmentally sound resources in a manner that minimizes the risk of LSE default.
- **Analysis**: This proceeding could impact VCE in several ways. First, in establishing rules for existing POLRs, it will address POLR service requirements, cost allocation, and cost recovery issues should a CCA or other LSE discontinue supplying customers resulting in the need for the POLR to step in to serve those customers. Second, in setting the requirements and application process for another entity to be designated as the POLR, it could create a pathway for a CCA or

other retail provider to elect to become a POLR for its service area. The preliminary questions (Appendix B to the OIR) suggest these issues will include examining topics such as CCA financial security requirements, portfolio risk and hedging, CCA deregistration, CCA mergers, and CCA insolvency.

- **Next Steps**: A prehearing conference is scheduled for June 11, 2021.
- **Additional Information**: Ruling scheduling prehearing conference (April 30, 2021); Order Instituting Rulemaking (March 25, 2021); Docket No. R.21-03-011.

2022-2023 Wildfire Fund Nonbypassable Charge Rulemaking

No updates this month. A prehearing conference was held April 26, 2021.

- **Background**: This rulemaking continues to implement AB 1054, which extended a non-bypassable charge on ratepayers to fund the Wildfire Fund. The CPUC issued D.20-12-024 in December 2020 that continues the Wildfire Non-Bypassable Charge (NBC) amount of $0.00580/kWh for January 1, 2021, through December 31, 2021. The NBC amount of 2022 and 2023 will be established in this proceeding.
- **Details**: This rulemaking will determine the 2022 and 2023 Wildfire Fund Non-Bypassable Charge amount.
- **Analysis**: VCE customers will pay the 2022 and 2023 Wildfire Fund Non-Bypassable Charge amounts established in this proceeding.
- **Next Steps**: The issuance of the scoping memo and ruling is anticipated soon. A proposed decision is expected in November, with the final decision in December.
- **Additional Information**: Order Instituting Rulemaking (March 10, 2021); Docket No. R.21-03-001.

PG&E 2020 ERRA Compliance

No updates this month. On April 19, 2021, a group of CCAs and the Public Advocates Office filed Protests of PG&E's 2020 ERRA Compliance application, to which PG&E replied on April 28, 2021. A prehearing conference was held on April 29, 2021.

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

  PG&E's procurement costs recorded across the portfolio were $158.8 million higher than forecasted, allegedly due to higher-than-forecast RPS-eligible contracts, as offset by higher than forecast retained RPS and retained RA, as well as lower than forecast fuel costs for UOG facilities. Activity recorded in the PABA includes the following categories: Revenues from

Customers, RPS Activity, RA Activity, Adopted UOG Revenue Requirements, CAISO Related Charges and Revenues, Fuel Costs, Contract Costs, GHG Costs, and Miscellaneous Costs. PG&E has redacted as confidential its 2020 actual and forecast costs for these categories, so it is unclear from the public filing what the magnitude is regarding the difference between actual and forecast costs for each category.

- **Analysis**: This proceeding addresses PG&E's balancing accounts, including the PABA, providing a venue for a detailed review of the billed revenues and net CAISO revenues PG&E recorded during 2020. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Both issues could impact the level of the PCIA in 2022.
- **Next Steps**: A scoping memo and ruling is anticipated to be issued next.
- **Additional Information**: Application (March 1, 2021); Docket No. A.21-03-008.

PG&E's 2019 ERRA Compliance

No updates this month. Parties are currently awaiting the issuance of a proposed decision.

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

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

  On October 22, 2020, PG&E, Joint CCAs, and Cal Advocates filed a Joint Motion to Adopt Settlement Agreement. The Settlement Agreement resolves all but two of the disputed issues in Phase I of the proceeding. PG&E agreed with certain accounting errors identified by the Joint CCAs. PG&E also committed to provide additional, specific information requested by the Joint CCAs simultaneous with its ERRA Compliance applications and simplify the presentation of that information, resolving the Joint CCAs concern with transparency of the PG&E data supporting entries to the ERRA, PABA and related balancing accounts. PG&E and the Joint CCAs agreed to engage in discussions about the approach to Resource Adequacy solicitations governed by Appendix S of PG&E's 2014 Bundled Procurement Plan. Finally, PG&E agreed to rebill all commercial and industrial CCA customers assigned an incorrect vintage.
- **Details**: Parties are currently awaiting the issuance of a proposed decision.
- **Analysis**: This proceeding addresses PG&E's balancing accounts, including the PABA, providing a venue for a detailed review of the billed revenues and net CAISO revenues PG&E recorded during 2019. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Efforts from the Joint CCAs to date will reduce the level of the PCIA for VCE's customers in 2021 and/or 2022. The two remaining issues not covered by the Settlement Agreement are (1) the request in PG&E's rebuttal testimony to reverse the $92.9 million adjustment it made in response to D.20-02-047 to its PABA regarding the amount of RPS energy the utility retained to serve its bundled customers in 2019; and (2) the utility's decision not to re-vintage four RPS contracts renegotiated during 2019.

- **Next Steps**: A proposed decision is anticipated to be issued soon. The schedule for Phase II of this proceeding has not been issued yet.
- **Additional Information**: Joint Motion to Adopt Settlement Agreement (October 22, 2020); Ruling modifying extending deadline for briefs and reply briefs (October 12, 2020); Amended Scoping Memo and Ruling (August 14, 2020); Scoping Memo and Ruling (June 19, 2020); PG&E's Application and Testimony (February 28, 2020); Docket No. A.20-02-009.

RA Rulemaking (2019-2020)

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

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

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

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

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

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

  Details: The only two remaining items to be addressed in this proceeding are two applications for rehearing filed by Western Power Trading Forum (WPTF). First, on July 17, 2020, WPTF filed an

Application for Rehearing of D.20-06-002, the Track 2 Decision creating a multi-year central procurement regime for local RA capacity. It requested rehearing and reconsideration of the rejected settlement agreement between WPTF, CalCCA, and other parties, arguing that D.20-06-002 will discourage the procurement of local resources by individual LSEs, discriminates against natural gas resources while increasing the need for CAISO backstop procurement, may undermine reliability by making it more difficult to integrate renewables with the larger western grid, and creates a "sale for resale" procurement construct that could place it under FERC's jurisdiction as a wholesale, rather than a retail, transaction.

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

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

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

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

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

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

No updates this month. On April 15, 2021, the CPUC issued Resolution M-4852, placing PG&E into Step 1 of the Enhanced Oversight and Enforcement process it established when approving PG&E's bankruptcy plan of reorganization.

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

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

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

- **Details**: Resolution M-4852 placed PG&E into the first of six steps of the Enhanced Oversight and Enforcement process. This six-step process could ultimately result in a revocation of PG&E's certificate of public convenience and necessity if it fails to take sufficient corrective actions. Resolution M-4852 found that PG&E made insufficient progress toward approved safety or risk-driven investments and is not sufficiently prioritizing its Enhanced Vegetation Management (EVM) based on risk. It found that PG&E is not doing the majority of EVM work – or even a significant portion of work – on the highest risk lines.
- **Analysis**: PG&E must adhere to its Corrective Action Plan or the CPUC could move it into an additional step of the Enhanced Oversight and Enforcement process.
- **Next Steps**: The proceeding remains open, but there is no procedural schedule at this time.
- **Additional Information**: Resolution M-4852 (April 15, 2021); Letter from President Batjer to PG&E (November 24, 2020); Ruling updating case status (September 4, 2020); Ruling on case status (July 15, 2020); Ruling on proposals to improve PG&E safety culture (June 18, 2019); D.19-06-008 directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); Scoping Memo (December 21, 2018); Docket No. I.15-08-019.

Wildfire Cost Recovery Methodology Rulemaking

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

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

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

  PG&E's application for rehearing challenges the CPUC's prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E's rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all

IOUs. Several parties filed responses to PG&E's application for rehearing disagreeing with PG&E.

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

Glossary of Acronyms

AB	Assembly Bill
AET	Annual Electric True-up
ALJ	Administrative Law Judge
BioMAT	Bioenergy Market Adjusting Tariff
BTM	Behind the Meter
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board
CEC	California Energy Commission
CPE	Central Procurement Entity
CPUC	California Public Utilities Commission
CPCN	Certificate of Public Convenience and Necessity
CTC	Competition Transition Charge
DA	Direct Access
DWR	California Department of Water Resources
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
EUS	Essential Usage Study
GRC	General Rate Case
IEPR	Integrated Energy Policy Report
IFOM	In Front of the Meter
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
ITC	Investment Tax Credit
LSE	Load-Serving Entity

MCC	Maximum Cumulative Capacity
OII	Order Instituting Investigation
OIR	Order Instituting Rulemaking
PABA	Portfolio Allocation Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PFM	Petition for Modification
PCIA	Power Charge Indifference Adjustment
POLR	Provider of Last Resort
PSPS	Public Safety Power Shutoff
PUBA	PCIA Undercollection Balancing Account
PURPA	Public Utility Regulatory Policies Act of 1978 (federal)
QC	Qualifying Capacity
QF	Qualifying Facility under PURPA
RA	Resource Adequacy
RDW	Rate Design Window
ReMAT	Renewable Market Adjusting Tariff
RPS	Renewables Portfolio Standard
SCE	Southern California Edison
SED	Safety and Enforcement Division (CPUC)
SDG&E	San Diego Gas & Electric
TCJA	Tax Cuts and Jobs Act of 2017
TOU	Time of Use
TURN	The Utility Reform Network
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan
WSD	Wildfire Safety Division (CPUC)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care & Marketing

SUBJECT: Customer Enrollment Update (Information)

DATE: June 10, 2021

RECOMMENDATION

Receive and review the attached Customer Enrollment update as of June 2, 2021.

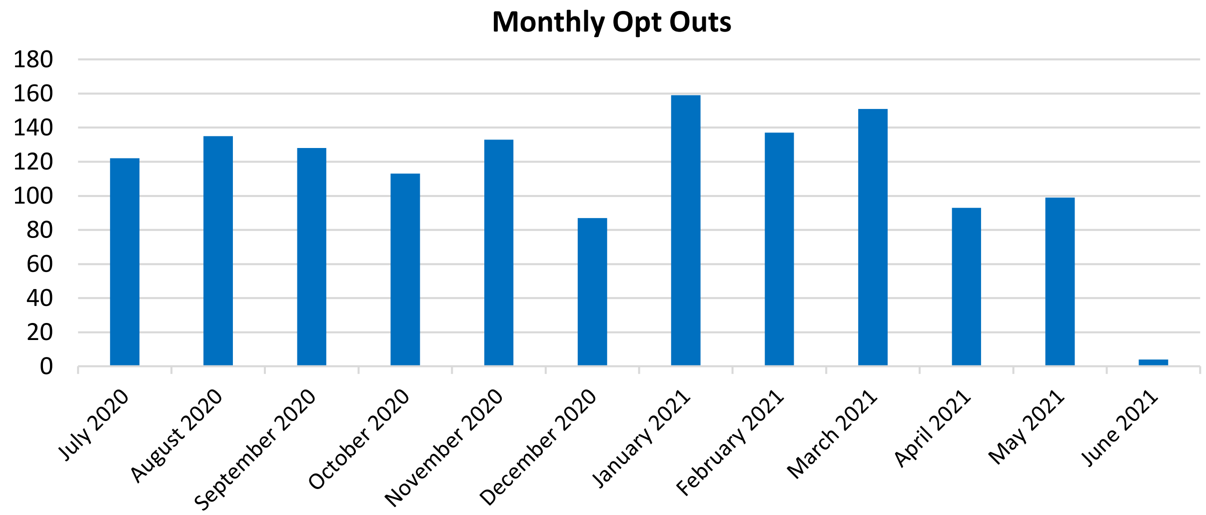
Item 9 - Enrollment Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,878	20,782	2,374	10,754	61,788	53,689	6,099	7	1,905	10,059	51,729
Eligible customers	29,200	23,777	2,586	12,265	67,828	58,865	6,693	7	2,159	10,968	56,860
Participation Rate	95%	87%	92%	88%	91%	91%	91%	100%	88%	92%	91%

There are currently 299 Winters customers not included in this table. NEM will enroll throughout 2021.

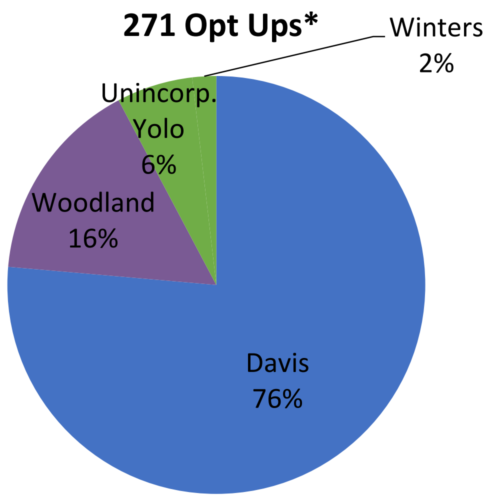
% of Load Opted Out

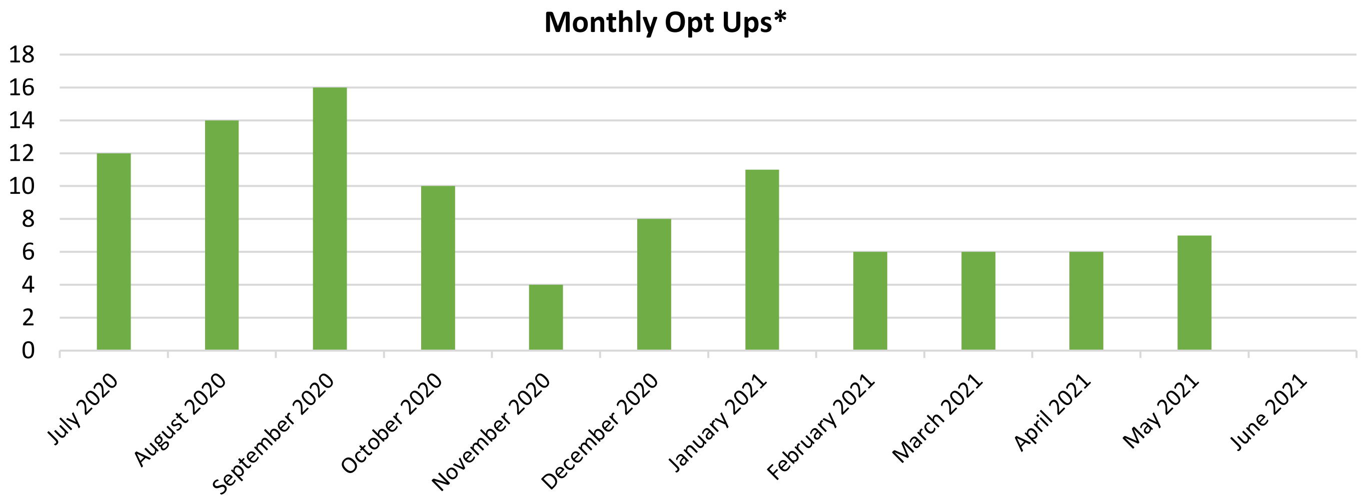
Residential	Commercial	Industrial	Ag	Total
9%	9%	0%	12%	9%



Status Date: 6/2/21

Item 9 - Enrollment Update

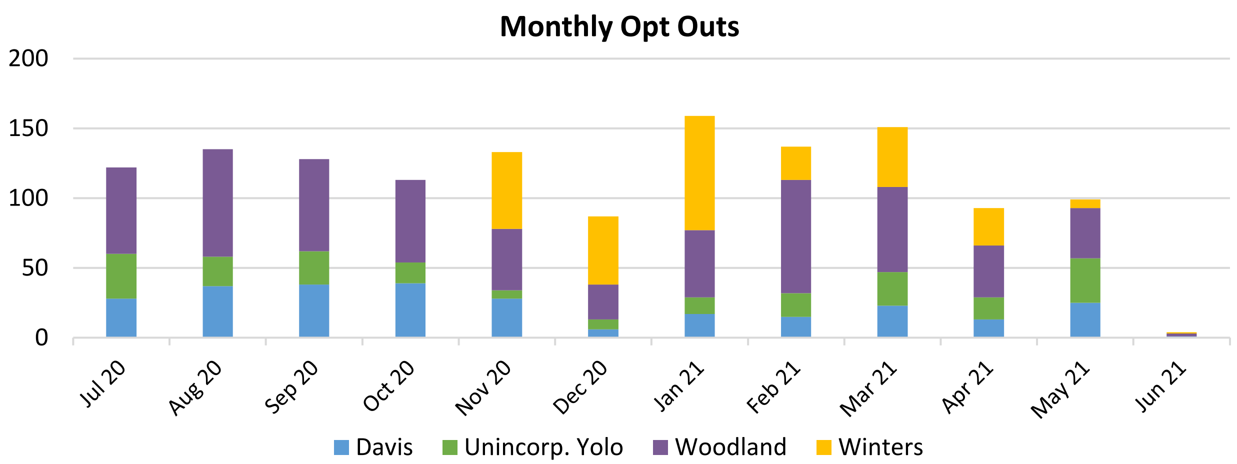


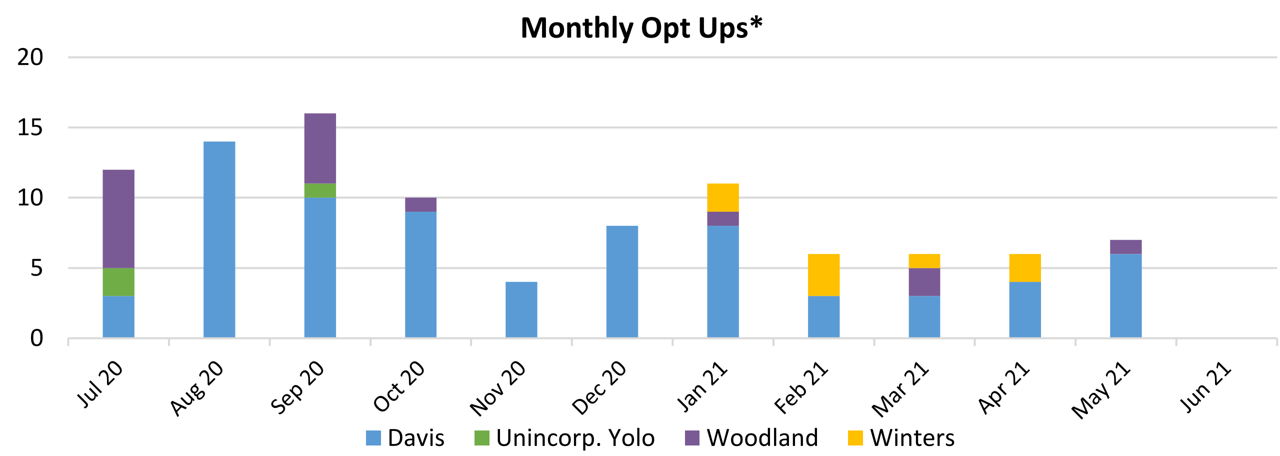


* The numbers in the pie chart represent opt ups for customers who are currently enrolled. The numbers in the bar graph represent opt up actions taken regardless of current enrollment status.

Status Date: 6/2/21

Item 9 - Enrollment Update



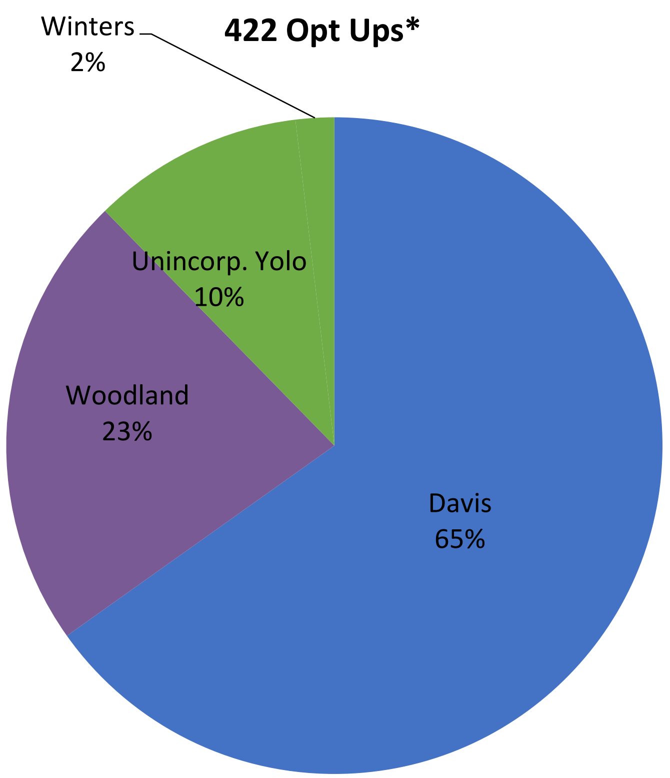


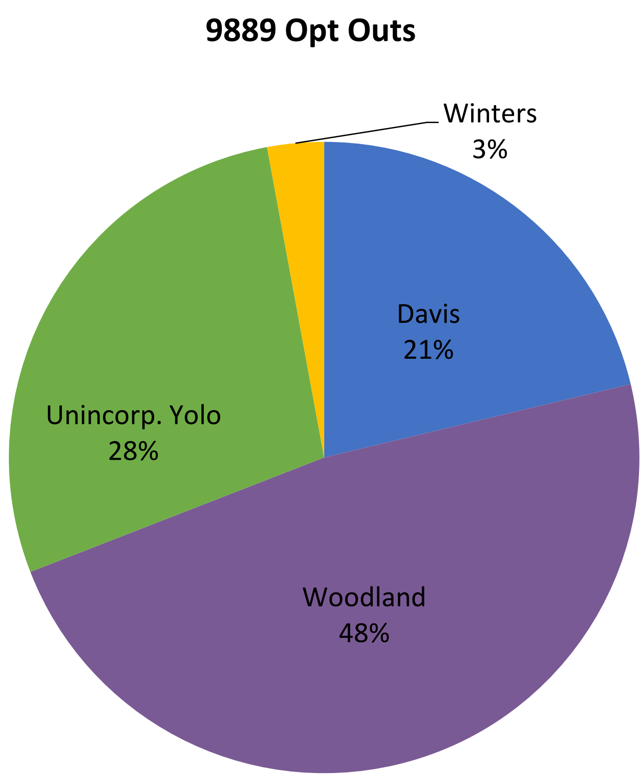
* These numbers represent all opt up actions ever taken regardless of current customer enrollment status.

Status Date: 6/2/21

VALLEY CLEAN ENERGY

Item 9 - Enrollment Update





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

Status Date: 6/2/21

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee May 27, 2021 Meeting Summary
DATE:	June 10, 2021

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, May 27, 2021 at 5 p.m.

A. Consideration of policy strategies to plan for incorporation of long-term renewable contracts into VCE's power portfolio and to address FY2021/2022 PCIA and RA cost impacts. (Action): Staff provided a summary of the staff report. The CAC asked questions and had a detailed discussion covering load data/Covid impact, budget forecast and power content strategies presented by Staff, ~~i~~including but was not limited to:

- various budget uncertainties from weather, timing and amount of production from PPAs and any money refunds to cover non-paying accounts due to the COVID pandemic, etc.;
- concern about the message to the community and our value proposition. Clean energy and climate change were and are integral to our purpose and founding;
- the need to interact with and lobby PUC and other bodies relating to the PCIA and the overall value that CCAs bring.to clean energy and climate; and,
- the need for contingency planning.

The CAC passed a motion stating: "[t]he CAC, after a sobering discussion, reluctantly recommends due to fiscal prudency, that the Board follow the recommendation of Staff to continue the near-term policy of lower renewable energy credit (REC) and carbon free content purchases in 2022 with the following addition: for the 2022 year the initial RPS target is a minimum of 20% and quarterly updates are given to both the Board and CAC on the status of long-term contracts, RPS progress and budget numbers with the intent of increasing this target up to 42% if at all feasible.

Additionally, the CAC recommends that when taking this item back to the Board, Staff should provide the Board with financials from 2018/19 and FY2019/20 as well as budget estimates for FY2022/23 and FY2023/24 to provide a fuller picture of the financial health of the organization.

Lastly, the CAC would like to wait on a recommendation for the target RPS for the 2021-24 average and requests that Staff bring this item back to the CAC when the item needs to be determined." (10-0-0)

B. Consideration of draft 3-Year Programs Plan. (Action): VCE Staff Rebecca Boyles and Tessa Tobar reviewed the draft Programs Plan and preliminary Program Design/Implementation form. Feedback was provided by the CAC Members and numerous questions were asked. The CAC approved the following motion: "[r]ecommend that the Board adopt VCE's 3-Year Programs Plan, including the process by which programs are selected by VCE for implementation." (9-0-0) When implementing specific programs, especially those involving cash expenditures, it was suggested those initially come back to the CAC and the Board.

C. Net Energy Metering (NEM) 3.0 Update. (Informational): Due to time constraints, this item was tabled to the next CAC meeting.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 11

TO: Board of Directors

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

SUBJECT: Defer Customer Opt-Out Fees for Fiscal Year 2021/22

DATE: June 10, 2021

RECOMMENDATION

Continue to defer Customer Opt-Out Fees for Fiscal Year 2021/22.

BACKGROUND

Prior to beginning service in June 2018, the VCE Board of Directors waived opt-out fees for VCE's first year of operations. Opt-out fees ($5 for residential and $25 for non-residential) were originally designed to reduce the number of opt-outs and to partially recover the cost of processing opt-outs. In 2019, the Board approved deferment of customer opt-out fees for an additional year, and this happened again in 2020.

Community choice aggregators (CCAs) differ in their approach to opt-out fees. Several have waived the fee. Some have kept the fee and have had few complaints. Others have kept the fee and had significant complaints.

UPDATE

After three full years of operation, staff recommends that opt-out fees be deferred for another year:

- VCE's back-office systems are in place to automate opt-outs/opt-ins, so administrative costs are low.
- Customers have expressed concerns with opt-out fees, and financial concerns may be heightened due to the COVID-19 pandemic.
- Financial impacts are minimal. Now that VCE is fully operational, the opt-out numbers have dropped dramatically compared to start-up, minimizing impacts on revenue.
- Processing the opt-out fees could cost more than the revenue generated from the fees.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

To: Board of Directors

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

Subject: Amendment 22 (Net Energy Metering Donation Program web format) Task Order 2 of the SMUD Professional Services Agreement

Date: June 10, 2021

RECOMMENDATION

Ratify via resolution approval of Amendment 22 to Task Order 2 of the Sacramento Municipal Utilities District (SMUD) Professional Service Agreement authorizing the implementation of the Net Energy Metering (NEM) Donation program web format at a cost of $8,500.

BACKGROUND

On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) and Task Orders 1 and 2 to provide program launch and operational services. Soon thereafter, a series of additional Task Orders were implemented to the Agreement, including Task Order 3 to provide Wholesale Energy Services; Task Order 4 to provide Operational Staff Services to VCE; and Task Orders 5 (Long Term Renewable Procurement Services) and 6 (Expansion of VCE Service to Winters, CA).

A Net Energy Metering Donation (NEM) Pilot Program (see attached) was adopted by the Board in June 2020. This program offers eligible NEM customers the opportunity to donate their surplus solar generation credits to charities/community based organizations (CBOs). Eligible customers have been given an opportunity to donate their NEM credits to CBOs or to receive a check from VCE.

To date, we have enrolled all legacy NEM customers, and continue to enroll NEM customers residing in the City of Winters on a monthly basis. There was a need for an easy and accessible way for customers to donate their NEM credit online. Amendment 22 to SMUD Task Order 2 implements a NEM Donation Program webform for customers to access through VCE's website. This form will streamline the NEM Donation Program process operationally, and will provide template architecture for webforms in the future such as customer program intake forms. This will make implementation of future webforms easier, incurring only nominal expense after this initial development.

Amendment 22 to SMUD agreement Task Order 2 (Data Management and Customer Call Center Services) authorizes the implementation of the Net Energy Meter Donation program webform at a cost of $8,500.

Financial Impact: The cost for SMUD to implement the webform is $8,500, though some future financial impact to VCE will be mitigated by creating the basic webform infrastructure. . This cost has been budgeted in the FY2020/2021 operating budget.

CONCLUSION

Staff is requesting the VCE Board to ratify via resolution Amendment 22 to Task Order 2 (Data Management and Customer Call Center Services).

Attachments:

1. NEM Donation Program adopted June 2020
2. Signed Amendment 22 to Task Order 2 (Data Management and Customer Call Center Services)
3. Resolution ratifying approval of Amendment 22 (NEM Donation Program web format) to Task Order 2 to the VCE-SMUD Professional Services Agreement

Pilot NEM Donation Program

(adopted by Board June 11, 2020)

Background

Most solar net energy metered (NEM) customers pay their electricity bill once per year. This is called an annual true-up. Depending on a customer's annual solar production at true-up, a customer may owe money, or if they generate excess energy, VCE may owe them money.

When a customer's true-up credit balance exceeds $100, VCE pays the customer for the outstanding balance, zeroing out the account. For credit balances less than $100, the balance rolls over as a credit on the customer's bill.

Description

VCE would like to pilot a program that offers eligible NEM customers the opportunity to donate their NEM credits to charities/community based organizations (CBOs). Eligible customers will be notified via website, email and/or regular mail and will be given the opportunity to donate their NEM credits to CBOs or to receive a check from VCE. A reply sheet and postage paid envelope will be included in the letter to facilitate an easy response, or customers may respond electronically through email or the VCE website (when this functionality is enabled).

If a customer selects to donate their NEM credits to a selected CBO, the CBO will be provided with the customer's name, address, and amount of donation so a charitable donation receipt can be sent.

Benefits

- Provides funding to local charities/CBOs
- Provides a tax deduction to the donor
- Creates community good will towards VCE
- Reduces the number of checks VCE must write

Potential Donations

After the first year of VCE operation, there were 5 customers with credit balances exceeding $100. The total amount of credits exceeding $100 was $5,986.

During the second year of VCE service, there were 64 customers with credit balances exceeding $100. The total credit balance for those customers was $21,924.

The number of NEM customers with outstanding credit balances is expected to grow dramatically as VCE adds over 6,000 new NEM customers in 2020—customers who were previously full-service PG&E customers. Additional customers will continue to be added through new installations in existing buildings as well as new construction.

Charities/CBOs

Customers can choose between two or three CBOs, to be determined. The intent is to keep the number of CBOs limited in order to reduce administrative effort and increase the amount allocated to each CBO.

Selected CBOs will come from one or both of the following categories:

1. **Mission Alignment with VCE** - The selected CBOs will have missions that directly align with VCE's mission and vision. This would include CBOs that focus on energy efficiency, renewable energy, energy storage and/or demand response.

2. **Provide Services to the Community** - This includes CBOs that provide services to the communities we serve such as provision of food, low income housing, family services, bill pay, counseling, etc.

The CBOs will be selected based on input from the CAC and VCE Board. The selected CBOs will be reviewed to ensure they meet our requirements. An annual review of the program and CBOs will be performed and new CBOs may be selected.

Mechanics

VCE will send a letter or email to all NEM customers. With regular mail, a postage paid envelope and return form will be included.

Customers will have the following options:

1. Allow the credit to roll over to offset future energy bills.
2. Receive payment from VCE for the full credit amount.
3. Donate the credit to charity. If yes, select one of the chosen CBOs.

Customers that choose the donation option will be notified that VCE will provide the CBO with their name and address so the CBO can send a donation receipt.

Customers who do not return the form will automatically be enrolled in Option 2 and will receive a check for outstanding solar credits if the total amount exceeds $100 (per VCE NEM policy). Credits under $100 will stay on the customer account as a credit against future bills.

Considerations

- Tracking - VCE must keep track of the donors and provide donor information to selected CBOs
- Payments to CBOs - VCE will need to pay CBOs on a regular basis
- Verification – VCE will need to ensure the CBO sends tax-deductible receipts to donors

AMENDMENT 22 TO EXHIBIT A: Scope of Services

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

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 22 to Exhibit A, Task Order No. 2 (Amendment 22), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 22 conflict with any general provisions in the Agreement or Task Order 2, the provisions of this Amendment 22 shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or a previous Amendment thereof.

The Effective Date of this Amendment 22 is the date of last signature below.

1. **<u>Section 1, SCOPE OF WORK, is amended to add Section 1.12 below:</u>**

"1.12 NEM DONATION PROGRAM WEB FORM

1.12.1 Scope of Work

VCE has created a program that allows customers to donate their annual NEM true-up to a local charity, rather than receiving a check or bill credit. This enhancement will create a secure web form where customers can submit their NEM true-up preference and a field in the Customer Relationship Management (CRM) system where the preference will be stored.

To implement the NEM Donation Program web form scope, SMUD will:

- Create a web form for customers to submit their true-up preference.
    - The form will include customer Account Number, the DA Xrefs in the Account, and a picklist for true-up preference (e.g., donate to Charity A, donate to Charity B, bill credit, or customer check).
    - The customer will be validated to confirm the Account Number submitted is a valid VCE customer.
    - The form will show the current selection of the NEM true-up preference for each NEM DA Xref. The customer will be able to change the preference and resubmit at any time.
- Create a field in CRM, linked at the DA Xref level, where the data will be stored upon submission through the web form.
    - The true-up preference change will be effective from the day of submission.
    - Effective start date and end date will be maintained in the database for each preference selection.

The scope for this enhancement includes the following assumptions.

- Automatic NEM cash-outs are not in scope.
- Auto-generated reports are not scope, but VCE can self-serve through the Salesforce reporting function.
- SMUD will add the true-up preference field to the NEM cash-out list supplied to VCE each month.
- Customer notification regarding program availability is not in scope, but VCE can access Salesforce email functionality to notify up to 5,000 customers per day.
- The web form will be linked in the VCE website.

1.12.2 Deliverables and Due Dates

The schedule for the NEM Donation Program web form is estimated to be four (4) weeks, and includes the following milestones and due dates:

	Milestone	**Responsible Party**	**Due Date**
1	Task Order Amendment executed	VCE	April 19, 2021
2	Begin testing with website vendor and VCE	SMUD	May 10, 2021
3	Configuration and testing complete	SMUD	May 17, 2021

1.12.3 Schedule

It is estimated that the Scope of Services for this task will be completed four (4) weeks from the Amendment execution date of this Amendment 22."

Section 4, COMPENSATION FOR SERVICES is amended to add Section 4.8, *NEM Donation Program web form,* as follows:

"The fixed fee for the Implementation of the NEM Donation Program web form is $8,500."

Section 5, PAYMENT TERMS, is amended to add the following:

"SMUD will invoice the fixed fee for the NEM Donation Program web form upon completion, and payment will be due net thirty (30) days from date of the invoice."

[Signature Page follows]

SIGNATURES

The Parties have executed this Amendment 22, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: ______________________

Name: **Mitch Sears**

Title: **Interim General Manager**

Date: **April 19, 2021**

Approved as to Form: **n/a**

Sacramento Municipal Utility District

By: ______________________

Name: Tracy Carlson

Title: Interim Chief Customer Officer

Date: 4/21/2021

Approved as to Form: Andrew Medif

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021 - ___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE RATIFYING THE INTERIM GENERAL MANAGER'S APPROVAL AND EXECUTION OF AMENDMENT 22 TO TASK ORDER 2 TO THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT PROFESSIONAL SERVICES AGREEMENT

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

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCE to provide Community Choice Aggregate (CCA) support services;

WHEREAS, On October 12, 2017 the VCE Board approved the Master Professional Services Agreement and Task Order 1 (technical and analytical services) and Task Order 2 (Data Management and Call Center Services) to provide program launch and operational services consistent with the SMUD proposal and VCE Board direction;

WHEREAS, in October 2018, Amendment 4 to Task Order 2 updating VCE's base program from "LightGreen" to "Standard Green" was approved;

WHEREAS, in April 2019, Amendment 10 to Task Order 2 adding detail to SMUD's invoicing methodologies in the Compensation for Services section updating was approved;

WHEREAS, in June 2019, Amendments 11 and 12 to Task Order 2 implementing the Annual Dividend program and second Net Energy Metering (NEM) True-Up Policy was approved;

WHEREAS, in August 2019, Amendment 13 to Task Order 2 updating data management and customer call center service rate was approved;

WHEREAS, in May 2020, Amendment 16 to Task Order 2 authorizing the configuration of VCE's billing system to enable vintage year specific rates was approved;

WHEREAS, in July 2020, the Board received a signed copy by VCE's Interim General Manager of Amendment 18 to Task Orders 2, 3 and 4 increasing the billable hourly rates by 2.0% effective July 1, 2020;

WHEREAS, in October 2020, the Board approved Amendment 20 to Task Order authorizing SMUD to implement the 2019 California Energy Commission Power Content Label email scope of work;

WHEREAS, in June 2020, the Board adopted a Net Energy Metering (NEM) Donation program which offers eligible NEM customers the opportunity to donate their NEM credits to charities/community based organizations;

WHEREAS, Eligible NEM customers have been given an opportunity to donate their NEM credits to CBOs or to receive a check from VCE;

WHEREAS, as of early February 2021, VCE has enrolled all legacy NEM customers;

WHEREAS, there was an immediate need to provide an easy and accessible way for customers to donate their NEM credit online; and

WHEREAS, Interim General Manager signed Amendment 22 to Task Order 2 authorizing SMUD to implement the NEM Donation program web format on VCE's website at a cost of $8,500 .

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

1. ratify the Interim General Manager's approval and execution of Amendment 22 to Task Order 2 (Data Management and Call Center Services).

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Dan Carson, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

EXHIBIT A: Amendment 22 to Master Professional Services Agreement Task Order 2

EXHIBIT A

AMENDMENT 22 TO TASK ORDER 2 (DATA MANAGEMENT AND CALL CENTER SERVICES)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Keyes & Fox – Contract Extension

Date: June 10, 2021

RECOMMENDATION

Adopt a resolution authorizing the Interim General Manager, in consultation with VCE Legal Counsel, to execute an amendment extending VCE's existing contract with Keyes & Fox LLP for Regulatory and Legal Services in an amount not to exceed $177,000.

BACKGROUND & DISCUSSION

The VCE Board has previously authorized the Interim General Manager to execute a contact and subsequent contract extension with Keyes & Fox LLP for legal services related to regulatory compliance and regulatory advocacy. The original contract expired December 31, 2018 and the extension is set to expire June 30, 2021.

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 amendment will extend the Keyes & Fox contract one year to June 30, 2022. Several additional CPUC proceedings (e.g. Annual report on vehicle-grid integration strategies pursuant to a recent CPUC decision), have been added to the recommended contract renewal adding less than $7,500 total to the contract cost. All other provisions of the contract remain unchanged.

FISCAL IMPACT

The costs associated with the Keyes & Fox contract extension are accounted for in VCE's proposed FY

2021/22 Budget scheduled for Board consideration at this meeting (June 10, 2021).

Costs for the Keyes & Fox contract extension is a time and materials-based contract not to exceed $177,000.

ATTACHMENTS

1. Resolution including the following exhibits:
    a. Contract Extension
    b. Amended Exhibit A – Scope of Services
    c. Amended Exhibit C – Schedule of Services
    d. Amended Exhibit D - Payment

AMENDMENT NO. FOUR (4)

TO THE AGREEMENT FOR CONSULTANT SERVICES

BETWEEN

VALLEY CLEAN ENERGY ALLIANCE

AND

KEYES & FOX LLP

1. Parties and Date.

This Amendment No. Four (4) to the Agreement for Consultant Services is made and entered into as of this 30tht day of June, 2021 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 ("VCEA") and Keyes & Fox LLP, a Limited Liability Partnership with its principal place of business at 580 California St., 12th Floor San Francisco, California 94104 ("K&F"). VCEA and K&F are sometimes individually referred to as "Party" and collectively as "Parties."

2. Recitals.

2.1 Keyes & Fox LLP. VCEA and K&F have entered into an agreement entitled "Agreement for Consultant Services" dated June 26, 2018 for the purpose of retaining K&F to provide the services described in the Agreement, Amendment No. One to that Agreement dated February 6, 2019, Amendment No. Two to that Agreement dated December 31, 2019 and Amendment No. Three to that Agreement dated June 30, 2020. (collectively referred to as "Agreement")

2.2 Amendment Purpose. VCEA and K&F desire to amend the Agreement to extend the Agreement for an additional twelve months to expire on June 30, 2022 and, therefore, to revise the scope of services, and provide the not-to-exceed compensation amount for the additional twelve (12) months.

2.3 Amendment Authority. This Amendment No. Four (4) is authorized pursuant to Section 6.10 of the Agreement.

3. Terms.

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

1.4 Term The term of this Agreement, as amended, shall begin on July 1, 2021 and shall end on June 30, 2022, unless amended as provided in the Agreement, or when terminated as provided in Article 5.

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

4.1 Compensation This is a "time and materials" based agreement. Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in **Exhibit D**. Notwithstanding the provisions of Exhibit D, the total compensation shall not exceed one hundred seventy seven thousand and no/100 dollars ($177,000) without written approval of VCEA. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

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

3.4 Continuing Effect of Agreement. Except as amended by this Amendment No. Four (4), all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. Four (4). From and after the date of this Amendment No. Four (4), whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. Four (4).

3.5 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. Four(4).

3.6 Severability. If any portion of this Amendment No. Four (4) is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

[Signatures on Next Page]

SIGNATURE PAGE FOR AMENDMENT NO. FOUR (4) TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN VALLEY CLEAN ENERGY ALLIANCE
AND KEYES & FOX LLP

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. Four (4) as of the 30th day of June 2021.

VALLEY CLEAN ENERGY ALLIANCE

By: ___________________________
Mitch Sears
Interim General Manager

KEYES & FOX LLP

By: ________________________________

Its: Partner

Printed Name: Sheridan Pauker

APPROVED AS TO FORM:

By: _________________________
Harriet Steiner
VCEA Attorney

EXHIBIT A

SCOPE OF SERVICES

Services Keyes & Fox LLP Will Provide
Task 1: 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.
Task 2: Review compliance filings after they are prepared by SMUD to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2020 RPS Compliance Report; (2) 2021 and 2022 RPS Procurement Plans; (3) D.19-11-016 and additional mid-term procurement compliance requirements and reporting; (4) 2022 IRP preparation; (5) Month-Ahead Resource Adequacy (RA) templates (12 templates total); (6) Monthly Load Migration Forecast (12 templates total); (7) Year-Ahead System, Local and Flexible RAR compliance showing (6 templates total); (8) Power Content Label Audit (October 2021); (9) Energy Storage Procurement Tier 2 Advice Letter (January 2022); (10) Emission Performance Standard Advice Letter (February 2022); (11) Supplier Diversity Report (March 2022); and (12) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2022). Once complete, K&F will submit the above-referenced filings and complete required service, as well as filing and serving the Annual Data Privacy Report (April 2022)[1] to appropriate regulatory authorities on behalf of VCE.
Task 3: Support VCEA staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (initial list in Exhibit A), notifying VCEA in a timely manner of issues arising in those proceedings that will critically impact VCEA, 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 VCEA's compliance obligations.
Task 4: Review contracts entered between VCEA and SMUD and VCEA and third parties. K&F understands many of the key contracts between VCEA and SMUD have already been executed and that the need for additional contracting with SMUD and third parties will be limited, so K&F proposes setting aside a small portion of the total budget for this item. PPA negotiations will be billed to separate matters and are not included within this task.

[1] There is a 3-year audit due in April 2022, however, EQ/K&F's involvement would likely be restricted to filing/service only. This audit requires IT specialization that EQ/K&F does not have.

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

Docket Number	Subject Matter
I.15-08-019	Investigation into PG&E Organization, Culture & Governance
R.16-02-007 and R.20-05-003	Integrated Resource Planning Rulemakings
R.17-06-026	Power Charge Indifference Adjustment Rulemaking
R.20-11-003	Ensuring Summer 2021 Reliability Rulemaking
R.11-05-005, R.15-02-020, and R.18-07-003	RPS Rulemakings
A.18-12-009	PG&E Test Year 2020 Phase I GRC
A.19-11-019	PG&E 2020 Phase II GRC
A.21-06-XXX	PG&E Test Year 2023 Phase I GRC
A.XX-XX-XXX	PG&E 2023 Phase II GRC *(filing date TBD, likely in 2022)*
R.19-01-006	Wildfire Cost Recovery Methodology Rulemaking
R.19-03-009	Direct Access Rulemaking
R.19-07-017 and R.21-03-001	Wildfire Fund Non-Bypassable Charge (AB 1054) Rulemakings
R.17-09-020 and R.19-11-009	Resource Adequacy Rulemakings (2021-2022)
A.20-06-011	PG&E Regionalization Application
A.21-06-XXX (TBD)	2022 PG&E Energy Resource and Recovery Account Forecast Proceeding (filed June 1, 2021)
A.21-03-008	2020 PG&E Energy Resource and Recovery Account Compliance Proceeding
R.21-03-011	Rulemaking on Provider of Last Resort

Note re Regulatory Advocacy: Since the vast majority of VCEA's advocacy in proceedings before regulators is anticipated to be through CalCCA and others during 2020, 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 VCEA 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 VCEA requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed in Exhibit D.

EXHIBIT C

SCHEDULE OF SERVICES

The scope of this contract commences on July 1, 2021 and runs through June 30, 2022. The schedule may be extended by mutual agreement in writing by both parties.

EXHIBIT D

PAYMENT

Subject to adjustments necessary for the minimum set fee related to Task 3 and the do-not-exceed levels related to Tasks 1-4 (“Do-Not-Exceed”) below, all work in 2021 will be performed at the hourly billing rates set forth below as “Keyes & Fox LLP 2021 Hourly Rates”. Historically, rate increases have been between 5-8% per year.

Keyes & Fox LLP (“K&F”) will invoice Valley Clean Energy Alliance (“VCEA”) monthly. K&F will keep an hourly total of any time spent on VCEA 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
Task 1: 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 $4,500
Task 2: Review compliance filings after they are prepared by SMUD to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2020 RPS Compliance Report; (2) 2021 and 2022 RPS Procurement Plans; (3) D.19-11-016 and additional mid-term procurement compliance requirements and reporting; (4) 2022 IRP preparation; (5) Month-Ahead Resource Adequacy (RA) templates (12 templates total); (6) Monthly Load Migration Forecast (12 templates total); (7) Year-Ahead System, Local and Flexible RAR compliance showing (6 templates total); (8) Power Content Label Audit (October 2021); (9) Energy Storage Procurement Tier 2 Advice Letter (January 2022); (10) Emission Performance Standard Advice Letter (February 2022); (11) Supplier Diversity Report (March 2022); and (12) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2022). Once complete, K&F will submit the above-referenced filings and complete required service, as well as filing and serving the Annual Data Privacy Report (April 2022) [1] to appropriate regulatory authorities on behalf of VCE.	Billed hourly with a Do-Not-Exceed of $72,000

[1] There is a 3-year audit due in April 2022, however, EQ/K&F's involvement would likely be restricted to filing/service only. This audit requires IT specialization that EQ/K&F does not have.

Services Keyes & Fox LLP Will Provide	Fee Structure
Task 3: Support VCEA staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (initial list in Exhibit A), notifying VCEA in a timely manner of issues arising in those proceedings that will critically impact VCEA, 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 VCEA's compliance obligations.	Billed hourly with an annual Do-Not-Exceed of $70,000
Task 4: Review contracts entered between VCEA and SMUD and VCEA and third parties. K&F understands many of the key contracts between VCEA and SMUD have already been executed and that the need for additional contracting with SMUD and third parties will be limited, so K&F proposes setting aside a small portion of the total budget for this item. PPA negotiations will be billed to separate matters and are not included within this task.	Billed hourly with a Do-Not-Exceed of $10,000

Note re Regulatory Advocacy: Since the vast majority of VCEA'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 VCEA 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 VCEA 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 VCEA will review the Do-Not-Exceed amounts set forth above upon a request from either VCEA 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 2021 Hourly Rate Sheet

Attorneys

Kevin Fox, Partner	395
Sheridan Pauker, Partner	350/385+
Tim Lindl, Partner	320
Jake Schlesinger, Partner	295
Scott Dunbar, Partner	260
Ann Springgate, Of Counsel	295
Caryn Lai, Counsel	320
Lilly McKenna, Associate	265
Julia Kantor, Associate	245
Lee Ewing, Associate	245
Beren Argetsinger, Associate	225
Melissa Birchard, Associate	235

Non-Attorneys

Justin Barnes	185/265*
Miriam Makhyoun	190/255*
Ben Inskeep	150/205*
Blake Elder	125
Vannessa Luthringer	100
Alicia Zaloga	95

+ 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 PCE matters during travel. If work is performed for another client during travel, PCE 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 PCE.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021- ____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT FOUR (4) TO THE KEYES & FOX LLP AGREEMENT FOR REGULATORY COMPLIANCE AND ADVOCACY LEGAL SERVICES AND AUTHORIZING THE VCE INTERIM GENERAL MANAGER TO EXECUTE THE AMENDMENT

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, 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 and refining the previous scope of services and budget for 2019; 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) and updated the scope of work and budget consistent with the contract extension; and,

WHEREAS, on June 11, 2020 Amendment Three (3) to the Keys & Fox LLP agreement was approved extending the term through June 30, 2021, revising the scope of service, and setting a not exceed amount of $180,000; and,

WHEREAS, Amendment Four (4) extends the Agreement for another year to expire June 30, 2022, revises the scope of service, and sets a not exceed amount of $180,800.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby authorizes the VCE Interim General Manager, in consultation with VCE Legal General Counsel, to finalize, approve and execute on behalf of VCE Amendment Four (4) to the Keyes & Fox LLC Agreement for regulatory legal services modifying the terms and not to exceed amount as set forth in the attached Exhibit A - Amendment Four (4) to Keyes & Fox LLC Agreement.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Don Saylor, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment: Exhibit A - Amendment Four (4) to Keyes & Fox LLC Agreement

Exhibit A

Amendment Four (4) to Keyes & Fox LLC Agreement

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

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

SUBJECT: General Legal Counsel Selection

DATE: June 10, 2021

RECOMMENDATION
Adopt a resolution approving an agreement with Richards, Watson and Gershon (RWG) as general legal counsel for VCE and authorizing the Interim General Manager, in consultation with legal counsel, to execute and sign the agreement.

BACKGROUND & DISCUSSION
In March 2021, after receiving notice that VCE Co-General Counsel Harriet Steiner would be retiring in mid-2021, staff released an RFP seeking proposals for general legal counsel services for VCE. Six (6) proposals were received from law firms with satellite offices within a 100-mile radius of VCE offices. A four-member evaluation team comprised of VCE Staff and Eric May, Deputy Yolo County Counsel and VCE Co-General Counsel, reviewed the proposals and identified four semi-finalists to be interviewed by Staff.

The criteria used to evaluate the proposals focused on:

I. Experience and Qualifications
II. Proposer's Approach to Working with VCE
III. Commercial Terms (Price) and Compliance with VCE Contractual Terms

From the four candidates, two finalists were selected and interviewed by the Board Subcommittee. Following reference checks, the Board Subcommittee unanimously recommended RWG as the new general counsel for VCE based on their experience, familiarity with VCE's service territory, direct experience with the CCA model, and commercial terms. The Board met in closed session on May 13th to consider the Board Subcommittee recommendation and based on that discussion directed staff to negotiate a services agreement with RWG and bring it back for consideration at the June Board meeting.

Staff is recommending a multi-year services agreement with RWG to establish continuity in general counsel services. Note: Yolo County Counsel will continue to serve as VCE co-general counsel on a limited basis to enhance continuity.

Services Agreement

Staff have negotiated a contract with RWG based on the following parameters:

- Scope. Project scope and budget consistent with the scope currently performed by VCE's general counsel.
- Budget. A not to exceed amount of $120,000 during any fiscal year for the time period of June 11, 2021 expiring December 31, 2024. This annual amount is in VCE's proposed FY 2021/2022 budget, and if the services agreement is approved, will be brought back on an annual basis during budget adoptions in subsequent years. As in the existing General Counsel services agreement, extra work may be authorized and will be compensated at the rates and manner set forth in the agreement.

Staff is recommending approval of the attached legal services agreement (Attachment A) and authorization for the Interim General Manager, in consultation with legal counsel, to execute and sign the agreement.

Attachments

1. RWG Legal Services Agreement
2. Resolution

AGREEMENT FOR LEGAL SERVICES

This **Agreement** is made and entered into as of June 10, 2021 by and between **Valley Clean Energy Alliance**, a Joint Powers Authority organized and operating under the laws of the State of California with its principal place of business at 604 Second Street, Davis, California, 95616 ("VCE"), and Richards, Watson and Gershon, a Professional Corporation with its principal place of business at 350 South Grand Ave., 37th Floor, Los Angeles, CA 90071 (hereinafter referred to as "Law Firm"). VCE and Law Firm are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

RECITALS

WHEREAS, Law Firm desires to perform and assume responsibility for the provision of certain legal services required by VCE on the terms and conditions set forth in this Agreement. Law Firm represents that it is experienced in providing legal services to public clients and is familiar with the plans of VCE with respect to the representation, as defined below.

NOW, THEREFORE, VCE and Law Firm agree as follows:

1. SCOPE OF SERVICES AND TERM.

1.1 Scope of Services. Law Firm promises and agrees to furnish to VCE all labor, services, and incidental and customary work necessary to fully and adequately perform the role of General Counsel of VCE ("Services"). The Services are more particularly described in the Request for Proposals, attached hereto as **Exhibit A**, and Law Firm's proposal, attached hereto as **Exhibit B.** All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules, and regulations. In the event of a conflict between a provision in this Agreement and a provision in **Exhibits A** and **B**, the provision in this Agreement shall control.

1.2 Facilities, Equipment, and Other Materials. Law Firm shall, at its sole cost and expense, furnish all facilities, tools, equipment, and other materials necessary for performing the Services pursuant to this Agreement.

1.3 Term. The term of this Agreement shall begin on the date VCE Board of Directors approves this Agreement with a term period of June 11, 2021 through December 31, 2024, or when terminated as provided in Article 5.

2. PROJECT COORDINATION.

2.1 General Counsel. Inder Khalsa will assume the role of General Counsel to VCE. Ms. Khalsa will be the primary point of contact for all matters under this Agreement.

3. RESPONSIBILITIES OF LAW FIRM.

3.1 Independent Contractor. VCE retains Law Firm on an independent contractor basis and not as an employee. Law Firm retains the right to perform similar or different services for others during the term of this Agreement. Nor shall any additional personnel performing the Services under this Agreement on behalf of Law Firm be employees of the VCE; such personnel shall at all times be under Law Firm's exclusive direction and control. Law Firm shall be entitled to no other benefits or compensation except as provided in this Agreement.

3.2 Control and Payment of Subordinates. The Services shall be performed by Law Firm or personnel under its supervision. Law Firm will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Law Firm shall at all times be under Law Firm's exclusive direction and control. Law Firm shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Law Firm shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.3 Conformance to Applicable Requirements. Law Firm shall furnish VCE with every reasonable opportunity to determine that Law Firm's services are being performed in accordance with this Agreement. VCE's review of Law Firm's services shall not relieve Law Firm of any of its obligations to fulfill this Agreement as prescribed.

3.4 Substitution of Key Personnel. Law Firm has represented to VCE that it will perform and coordinate the Services under this Agreement. Should such personnel become unavailable, Law Firm may substitute other personnel of at least equal competence upon the VCE's written approval. In the event that VCE and Law Firm cannot agree as to the substitution of key personnel, VCE shall be entitled to terminate this Agreement.

3.5 Licenses and Permits. Law Firm represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement, at Law Firm's sole cost and expense.

3.6 Standard of Care; Performance of Employees. Law Firm shall perform all Services under this Agreement in a skillful and competent manner. Law Firm warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Law Firm shall perform, at its own cost and expense and without reimbursement from the VCE, any services necessary to correct errors or omissions which are caused by the Law Firm's failure to comply with the standard of care provided for herein. Any employee of Law Firm or its subcontractor who is determined by VCE to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the VCE, shall be promptly removed from the Project by the Law Firm and shall not be re-employed to perform any of the Services or to work on the Project.

3.7 Laws and Regulations. Law Firm shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Law Firm shall be liable for all violations of such laws and regulations by Law Firm in connection with the Services. If Law Firm performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the VCE, Law Firm shall be solely responsible for all costs arising therefrom. Law Firm shall defend, indemnify and hold the VCE, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement and in accordance with the language of Section 6.3, from any claim or liability to the extent arising out of any failure or alleged failure of Law Firm to comply with such laws, rules or regulations.

3.8 Labor Certification. By its signature hereunder, Law Firm certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and, if applicable, agrees to comply with such provisions before commencing the performance of the Services.

3.9 Non-Discrimination. No discrimination shall be made in the employment of persons under this Agreement because of that person's race, color, national origin, ancestry, religion, age, marital status, disability, gender, sexual orientation, or place of birth.

3.10 Insurance.

3.10.1 Time for Compliance. Law Firm shall not commence the performance of Services under this Agreement until it has provided evidence satisfactory to VCE that it has secured all insurance required herein. In addition, Law Firm shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to VCE that the subcontractor has secured all insurance required herein. Failure to provide and maintain all required insurance shall be grounds for VCE to terminate this Agreement for cause.

3.10.2 Minimum Requirements. Law Firm shall, at its expense, procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of this Agreement by Law Firm, its agents, representatives, employees or subcontractors. Law Firm shall also require all of its subcontractors to procure and maintain the same insurance for the duration of this Agreement. Such insurance shall meet at least the following minimum levels of coverage:

3.10.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (a) *General Liability:* Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (b) *Automobile Liability:* Insurance Services Office Business Auto Coverage form number CA 0001, code 8 and 9 (Hired & Non Owned); and (c) *Workers' Compensation and Employer's Liability:* Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

3.10.2.2 Minimum Limits of Insurance. Law Firm shall maintain limits no less than: (a) *General Liability:* $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (b) *Automobile Liability:* $1,000,000 per accident for bodily injury and property damage; and (c) *Workers' Compensation and Employer's Liability:* Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of $1,000,000 per accident for bodily injury or disease.

3.10.3 Professional Liability. Law Firm shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Project errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than $1,000,000 per claim, and shall be endorsed to include contractual liability.

3.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Law Firm shall provide endorsements on forms supplied or approved by VCE to add the following provisions to the insurance policies:

3.10.4.1 General Liability. The general liability policy shall include or be endorsed (amended) to state that: (a) the VCE, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the work or operations performed by or on behalf of Law Firm, including materials, parts or equipment furnished in connection with such work; and (b) the insurance coverage shall be primary insurance as respects the VCE, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Law Firm's scheduled underlying coverage. Any insurance or self-insurance maintained by the VCE, its directors, officials, officers, employees, agents, and volunteers shall be excess of Law Firm's insurance and shall not be called upon to contribute with it in any way.

3.10.4.2 Automobile Liability. The automobile liability policy shall include or be endorsed (amended) to state that: (a) the VCE, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Law Firm or for which Law Firm is responsible; and (b) the insurance coverage shall be primary insurance as respects the VCE, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Law Firm's scheduled underlying coverage. Any insurance or self-insurance maintained by the VCE, its directors, officials, officers, employees, agents, and volunteers shall be excess of Law Firm's insurance and shall not be called upon to contribute with it in any way.

3.10.4.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the VCE, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by Law Firm.

3.10.5 Separation of Insureds; No Special Limitations. All insurance required herein shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the VCE, its directors, officials, officers, employees, agents, and volunteers.

3.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the VCE.

3.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the VCE.

3.10.8 Verification of Coverage. Law Firm shall furnish VCE with redacted or specimen copies of certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to VCE to confirm coverage terms upon request. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by VCE if requested. All certificates and endorsements must be received and approved by VCE before work commences. VCE reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.10.9 Reporting of Claims. Law Firm shall report to the VCE, in addition to Law Firm's insurer, any and all insurance claims submitted by Law Firm in connection with the Services under this Agreement.

3.11 Safety. Law Firm shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out the Services, Law Firm shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (a) adequate life protection and lifesaving equipment and procedures; (b) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (c) adequate facilities for the proper inspection and maintenance of all safety measures.

3.12 Records. Law Firm shall allow a representative of VCE during normal business hours to examine, audit and make transcripts of copies of such records and any other documents created pursuant to this Agreement. Law Firm shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement for a period of three (3) years from the date of final payment under this Agreement. The right to inspection shall not cover documents or work product that were not created on behalf of VCE, or for its benefit pursuant to this Agreement.

4. FEES AND PAYMENT.

4.1 Compensation. This is a "time and materials" based agreement. Law Firm shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in **Exhibit C**. Notwithstanding the provisions of Exhibit B, the annual compensation shall not exceed $120,000.00 during any fiscal year (currently July 1 through June 30) without written approval of VCE. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

4.2 Payment of Compensation. VCE shall, within 45 days of receiving an invoice for services rendered by LAW FIRM in accordance with this Agreement, review the invoice and pay all approved charges thereon.

4.3 VCE 's Right to Withhold Payment. VCE reserves the right to withhold payment from Law Firm on account of Services not performed satisfactorily, delays in Law Firm's performance of Services, or other defaults hereunder. Law Firm shall not stop or delay performance of Services under this Agreement if VCE properly withholds payment pursuant to this Section 4.3, provided that VCE continues to make payment of undisputed amounts.

4.4 Payment Disputes. If VCE disagrees with any portion of a billing, VCE shall promptly notify Law Firm of the disagreement, and VCE and Law Firm shall attempt to resolve the disagreement. VCE's payment of any amounts shall not constitute a waiver of any disagreement and VCE shall promptly pay all amounts not in dispute.

4.5 Extra Work. At any time during the term of this Agreement, VCE may request that Law Firm perform Extra Work. As used herein, "Extra Work" means any work which is determined by VCE to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Law Firm shall not perform, nor be compensated for, Extra Work without written authorization from the VCE Manager.

5. SUSPENSION AND TERMINATION.

5.1 Suspension. VCE may suspend this Agreement and Law Firm's performance of the Services, wholly or in part, for such period as it deems necessary due to unfavorable conditions or to the failure on the part of Law Firm to perform any material provision of this Agreement. Law Firm will be paid for satisfactory services performed hereunder through the date of temporary suspension pro rating for any payment in connection with the next milestone based on the work performed towards such milestone as mutually determined by Law Firm and VCE working together in good faith. In the event that Law Firm's services hereunder are delayed for a period in excess of six (6) months due to causes beyond Law Firm's reasonable control, Law Firm may terminate this Agreement and collect payment for any satisfactory services provided through the date of temporary suspension pro rating for any payment in connection with the next milestone as described above.

5.2 Termination for Cause.

5.2.1 If Law Firm at any time refuses or neglects to prosecute its services in accordance with the Schedule of Services, or is adjudicated a bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without the VCE 's consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any material respect to properly and diligently prosecute its services, or otherwise fails to perform fully any and all of the material agreements herein contained, Law Firm shall be in default.

5.2.2 If Law Firm fails to cure the default within thirty (30) days after written notice thereof, VCE may, at its sole option, take possession of any documents and data (as more specifically described in Section 6.1) or other materials (in paper and electronic form) prepared for VCE or used by Law Firm exclusively in connection with the Project and (1) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to Law Firm under this Agreement; or (2) terminate Law Firm's right to proceed with this Agreement.

5.2.3 In the event VCE elects to terminate, VCE shall have the right to immediate possession of all documents and data and work in progress prepared by Law Firm pursuant to this

Agreement, whether located at the Project, at Law Firm's place of business, or at the offices of a subcontractor, and may employ any other person or persons to finish the Services and provide the materials therefor. In case of such default termination, Law Firm shall not be entitled to receive any further payment under this Agreement until the Project is completely finished. At that time, if the expenses reasonably incurred by VCE in obtaining the Services necessary to complete the Project exceed such unpaid balance, then Law Firm shall promptly pay to VCE the amount by which such expense exceeds the unpaid balance of the not-to-exceed amount reflected in Section 4.1. The expense referred to in the previous sentence shall include expenses incurred by VCE in causing the Services called for under this Agreement to be provided by others, and for any costs or damages sustained by VCE by reason of Law Firm's default or defective work.

5.2.4 If VCE fails to make timely payment to the Law Firm or otherwise fails to perform fully any and all of the material agreements herein contained, VCE shall be in default. If such default is not cured within thirty (30) days after written notice thereof, the Law Firm may, at its sole option, terminate this Agreement and VCE shall pay the Law Firm all amounts due for services satisfactorily provided to VCE as of the date of Law Firm's written notice of default.

5.3 Termination for Convenience.

5.3.1 In addition to the foregoing right to terminate for default, VCE reserves the absolute right to terminate this Agreement without cause, upon 72-hours' written notice to Law Firm.

5.3.2 In addition to the right to terminate for default, Law Firm reserves the right to terminate this Agreement without cause, upon 60 days' written notice to VCE.

5.3.3 In the event of termination without cause by either party, Law Firm shall be entitled to payment performed and expenses reasonably incurred at the time of notice, and any services provided thereafter as approved by VCE.

5.3.4 If this Agreement is terminated for default and it is later determined that the default termination was wrongful, such termination automatically shall be converted to and treated as a termination for convenience under this Section and Law Firm shall be entitled to receive only the amounts payable hereunder in the event of a termination for convenience.

5.3.5 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations to make payments to the other party hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the affected party's reasonable control, including, without limitation: (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; and (g) national or regional emergency (a "Force Majeure Event"). The party suffering a Force Majeure Event shall give notice to the other party, stating the period of time the occurrence is expected to continue and shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized.

6. OTHER PROVISIONS.

6.1 Documents and Data.

6.1.1 Ownership of Documents. VCE shall be the owner of the following items produced exclusively pursuant to this Agreement, whether or not completed: all data collected, all documents prepared, of any type whatsoever, and any material necessary for the practical use of the data and/or documents from the time of collection and/or production whether performance under this Agreement has been completed or if this Agreement has been terminated prior to completion. Law Firm shall not release any materials under this Section except after prior written approval of VCE. Law Firm assumes no liability for VCE's use of Documents in any manner not contemplated in the scope of the Project.

6.1.2 Copyright. No materials produced in whole or in part under this Agreement shall be subject to copyright in the United States or in any other country except as determined at the sole discretion of the VCE. VCE shall have the unrestricted authority to publish, disclose, distribute, and otherwise use in whole or in part, any reports, data, documents or other materials prepared under this Agreement.

6.1.3 Release of Documents to VCE. Law Firm shall deliver to VCE all materials prepared by Law Firm exclusively in connection with this Agreement, including all drafts, memoranda, analyses, and other documents, in paper and electronic form, within five (5) days of receiving a written request from VCE.

6.1.4 Confidentiality. All documents, reports, information, data, and exhibits prepared or assembled by Law Firm in connection with its performance under this Agreement are confidential until released by VCE to the public, and Law Firm shall not make any of these documents or information available to any individual or organization not employed by Law Firm or VCE without the written consent of VCE before any such release, unless Law Firm is required to do so under applicable law.

6.2 Assignment; Successors. Upon mutual written consent, VCE may assign this agreement and its obligations to a Joint Powers Agency formed for the purpose of forming and operating a CCE program. Law Firm shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of the VCE. All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

6.3 Governing Law; Government Code Claim Compliance. This Agreement shall be governed by the laws of the State of California and any legal actions concerning this Agreement's validity, interpretation and performance shall be governed by the laws of the State of California. Venue shall be in Yolo County. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Law Firm must comply with the claim procedures set forth in Government Code sections 900 *et seq*. prior to filing any lawsuit against the VCE. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by the Parties hereunder. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Law Firm shall be barred from bringing and maintaining a valid lawsuit against the VCE.

6.4 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Law Firm: Inder Khalsa
Richards, Watson and Gershon
One Sansome Street, Suite 2850
San Francisco, California 94104

VCE: Valley Clean Energy Alliance
604 2ND Street
Davis, CA 95616
Attn: Mitch Sears

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

6.5 Incorporation by Reference. All exhibits referred to in this Agreement are attached hereto and are by this reference incorporated herein.

6.6 VCE 's Right to Employ Other Law Firms. VCE reserves the right to employ other Law Firms in connection with the Project, provided that such other Law Firms shall not be performing the work set forth in the Scope of Services of this Agreement.

6.7 Construction; References; Captions. The language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. The captions of the various sections and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

6.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

6.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel or otherwise.

6.10 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the parties.

6.11 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

6.12 Interest of Law Firm. Law Firm covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services under this Agreement. Law Firm certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of the VCE.

6.13 Interest of Subcontractor. Law Firm further covenants that, in the performance of this Agreement, no subcontractor or person having any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services under this Agreement shall be employed. Law Firm has provided VCE with a list of all subcontractors and the key personnel for such subcontractors that are retained or to be retained by Law Firm in connection with the performance of the Services, to assist VCE in affirming compliance with this Section.

6.14 Prohibited Interests. Law Firm maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Law Firm, to solicit or secure this Agreement. Further, Law Firm warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Law Firm, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. If required, Law Firm further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the VCE 's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, VCE shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of the VCE, during the term of his or her service with the VCE, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

6.15 Cooperation; Further Acts. The parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

6.16 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action, provided, however, that the prevailing party's fees and costs shall not exceed that of VCE in association with the action.

6.17 Authority to Enter Agreement. Each party has all requisite power and authority to conduct its business and to execute, deliver, and perform this Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.

6.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

6.19 Entirety of Agreement. This Agreement contains the entire agreement of VCE and Law Firm with respect to the subject matter hereof, and no other agreement, statement or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.

[Signatures on following page]

SIGNATURE PAGE TO LAW FIRM SERVICES AGREEMENT

IN WITNESS WHEREOF, VCE and Law Firm have entered into this Agreement as of the date first stated above.

Valley Clean Energy Alliance	Richards, Watson and Gershon
By: ______________________	By: Inder Khalsa ______________________
Mitch Sears VCE Interim General Manager	Inder Khalsa Shareholder

APPROVED AS TO FORM:

By: E. May ______________________
Eric May
VCE Co-General Counsel

EXHIBIT A

REQUEST FOR PROPOSALS

Valley Clean Energy Alliance
604 2nd Street, Davis, California 95616
Phone: (530) 446-2750

REQUEST FOR PROPOSALS
FOR
GENERAL COUNSEL SERVICES

PROPOSALS ARE DUE:
Friday, April 16, 2021 BY 4:00 P.M. (Pacific Daylight Time)
Proposals must be e-mailed in PDF form to Alisa.Lembke@ValleyCleanEnergy.org

Valley Clean Energy Alliance is a Joint Powers Authority consisting of the Cities of Davis, Woodland, and Winters and the County of Yolo.

Scope of Services

GENERAL COUNSEL SERVICES

I. BACKGROUND

Valley Clean Energy Alliance (VCE) is a Joint Powers Agency that serves as the Community Choice Aggregator (CCA) for electricity customers in the cities of Woodland, Davis, Winters, and the unincorporated areas of Yolo County. VCE offers choice in the electric utility market; empowers local control of electricity procurement decisions; reduces the carbon footprint associated with electricity service; and helps support the growth of local energy projects.

VCE is governed by an eight-member Board of Directors, two each from the Woodland City Council, Davis City Council, Winters City Council, and the Yolo County Board of Supervisors. As a community-governed entity, VCE gives customers access to the people who make the rate and service decisions: supervisors and council members whom they already know. The Board is advised by its twelve-member Community Advisory Committee (CAC).

When VCE was formed through a JPA Agreement between Davis and Yolo County in 2017, VCE received general legal services from the Davis City Attorney and an attorney with the Yolo County Counsel's Office, who served as Co-General Counsel. Specialized legal services were also provided by outside counsel. Due to upcoming retirements and internal reassignments, VCE is considering candidates to fill the General Counsel role.

II. DETAILED SCOPE OF SERVICES

VCE is releasing this Request for Proposals (RFP) to obtain proposals from qualified attorneys and law firms to provide general counsel legal services. The successful firm must provide a designated individual to serve as VCE General Counsel that possesses expertise in the areas including, but not limited to, public sector law, CCAs, power purchase agreements, public meetings, land use, environmental, personnel, and contracting. Familiarity and working experience with the California CCA business model is highly preferred. A description of the services sought is described herein.

VCE anticipates that an individual or firm will provide services as General Counsel under a fixed monthly retainer with additional services billed at an hourly rate. It is expected that the services provided under a retainer as General Counsel would be an average of 20 to 30 hours per month. Expectations for general counsel legal services include:

1. Attendance at all meetings of the Board of Directors (monthly) and special meetings if called. Attendance may also be needed at monthly standing committees depending on the matters under consideration. The standing meetings include the staff review of Board Agenda (weekly), Enterprise Risk Oversight Committee (monthly) and the CAC (monthly). Currently, meetings are held virtually, but some are expected to resume being in-person in the future.

2. Provide general legal advice and counsel to VCE Members, Chair and Vice-Chair, General Manager, and other VCE staff related to matters important to the agency.
3. Research and interpret laws, proposed legislation, court decisions, and other legal authorities to prepare legal opinions and to advise the Board and staff accordingly.
4. Review and assist in preparation of VCE Board and Standing Committees meeting agenda packets, resolutions, ordinances, contracts, agreements, memoranda, and other writings as needed.
5. Present written or oral legal reports or advice to the VCE Board, CAC, and staff.
6. Coordination of required work of outside legal counsel retained by VCE for finance activities, regulatory compliance, litigation, or other proceedings.
7. Provide advice and assistance as needed on its application to the operation of VCE, on matters pertaining to the organization of VCE, contracts/agreements, procurement, conflicts of interest, and human resources.
8. Maintain VCE's standard contract/agreement provisions ("boilerplate templates") required of vendors, consultants, or contractors.
9. Time incurred for internal conversations, consultation, emails, memoranda, cross training, etc. between attorneys, paralegals and other staff within the firm.
10. Assist with delivery, development, and contract review and management for VCE programs including the programs plan, any Federal and/or State grants, and any additional programs that may be created.
11. Other routine legal advice, consultation, and opinions to VCE and staff on areas such as: public sector law, public meetings, public records act requests, contracts/agreements, existing and proposed transportation laws and regulations, land use, employment laws, human resources management, conflicts of interest, environmental and hazardous material laws, litigation, risk management, procurement of goods and services, and knowledge of applicable California Codes and federal codes and regulations.

Additional Services

III. There will likely be matters that, due to complexity, size in scope, litigation, special projects, new laws or regulations, ballot measures, etc. requiring services beyond that which are encompassed in general counsel legal services. Effective communication will be essential to ensure that the need for Additional Services is discussed in advance and with a reasonable expectation of the number of legal services required. It may also be in VCE's best interest to retain additional outside counsel for unique or specialized matters of law. In those circumstances, VCE General Counsel may be asked to coordinate with outside counsel. Additional Services, beyond the scope of General Counsel, will be billed on an hourly rate. Such services would be authorized by task orders on a case-by-case basis.

IV. PROPOSER MINIMUM QUALIFICATIONS

1. All attorneys proposed by any firm must be admitted to practice in the State of California and in good standing with the California State Bar.
2. The attorney proposed to act as General Counsel to VCE must have at least 10 years legal experience.

3. Demonstrated legal expertise in the following areas as it relates to public agencies or CCAs:
    a. Laws and regulations governing California, such as the California Government Code, Ralph M. Brown Act, Public Records Act, Political Reform Act, General Municipal Law, and operating procedures relative to the conduct of business.
    b. Experience and knowledge of the bidding, award, and administration of public contracts, including Public Contract Code, Labor Code, and other California statutes governing the procurement process.
    c. Experience in public employment labor laws.
    d. Environmental laws, including the California Environmental Quality Act (CEQA);
    e. Contracts, joint powers authorities, memoranda of understanding, including risk transfer provisions.
    f. Preparation and review of ordinances and resolutions.
    g. Real estate law, easements, rights-of-way, and other related agreements and negotiations.
    h. Other relevant areas pertaining to special districts, CCAs or municipal law.

V. PROPOSAL EVALUATION

1. VCE will establish a Consultant Selection Panel (Panel) including but not limited to representatives from the Board, General Manager and staff. The Panel will evaluate the proposals based on the information submitted according to the proposal evaluation criteria below.
2. VCE reserves the option to invite short-listed Proposers for a pre-selection interview.
3. Based on the proposals and/or interviews, the Panel will rank proposals and may recommend to Board of Directors to enter a contract (sample contract attached) with the top ranked individual/firm. The Board of Directors has final approval authority to enter a contract with the selected individual/firm.
4. VCE reserves the option to not select any proposals from this RFP.

PROPOSAL EVALUATION CRITERIA: The proposals submitted in response to this Request for Proposals shall be evaluated for award based on the following criteria and weighting.

Item	Criteria Description	Weighting
	Minimum Qualifications (Section III)*	**Pass/Fail**
	Experience and Qualifications 1. Experience of firm and specific qualifications of attorney designated to serve as VCE General Counsel in the areas identified in section II "Detailed Scope of Services" 2. Resumes of staff designated to support the attorney serving as VCE General Council 3. CCA/Energy experience	**65%**
	Proposer's Approach to Working with VCE	**15%**
	Commercial Terms (Price) and Compliance with VCE Sample Contract*****	**20%**
	Total	**100%**

* Proposer shall pass section III "Proposer Minimum Qualifications" listed above to be declared qualified.

VI. PROPOSAL SUBMITTAL REQUIREMENTS

1. Ten pages maximum submitted electronically. Executive Summary with brief description of company including Firm or individual name and contact information, including e-mail and website addresses, year organized, principals with the firm, types of work performed, number of employees.
2. Summary aligned with Section II "Detailed Scope of Services" above including qualifications, specializations, experience, professional affiliation, special training, availability, California Bar license numbers, and contact information for key personnel and proposed lead and back-up attorneys for the CCA organization.
3. Resumes of key staff that would work on VCE projects.
4. Information on any previous experience or services provided, including CCA experience, General Counsel services, public agency representation, relevant litigation experience, list of relevant past or present clients, etc.
5. List of clients you currently represent that could cause a conflict of interest with your responsibilities as General Counsel for VCE.
6. If your firm or you have filed any litigation in the past five years in which VCE, its city/county members, or one of their employees was named as a party, please describe the case(s).
7. Other factors or special considerations you feel would influence your selection.

8. List of references and contact information.
9. Proposed hourly rates for the attorney assigned to VCE or any alternative fee structure you propose.

VII. MISCELLANEOUS

1. Travel

Travel time billed at 50% of the hourly rate. Any billings for travel time to, from, or within Yolo County will be limited to 1 hour per way. Reasonable travel expenses will be reimbursed without mark-up.

2. Additional Information

Scope of Services may be revised upon mutual agreement between the Contractor and the VCE Contract Manager.

3. Ownership of Work Products

All notes, documents, and final products in all native formats (e.g., Word, Excel, PowerPoint, databases, handwritten notes) produced in the performance of this agreement shall be the property of VCE and shall not be shared with other entities without permission from VCE staff.

4. Request for Proposal Schedule

VCE anticipates that the process for selection of General Counsel and awarding the contract will be according to the following tentative schedule.

Event	Completion Date
1. Issue RFP	Wednesday, March 24, 2021
2. Questions & Notification of Intent*	Monday, April 5, 2021
3. Responses to Questions	Friday, April 9, 2021
4. Proposal Due Date	Friday, April 16, 2021
5. Notification of Preliminary Selection	Friday, April 23, 2021
6. Interviews	Thursday, April 29, 2021
7. Anticipated Contract Award Date	Thursday, May 13, 2021
8. Contract Begins	Tuesday, June 1, 2021

* Notification of intent is required to receive a copy of questions and responses to all proposers.

VIII. INSTRUCTIONS TO PROPOSERS

1. Time and Manner of Submission

The Proposal shall be submitted electronically to and received by VCE's office no later than 4:00 p.m. on Friday, April 16, 2021.

Submit to:

Alisa Lembke, Board Clerk
Email: Alisa.Lembke@ValleyCleanEnergy.org

- Each proposal shall include the full business legal name, DBA, and address and shall be signed by an authorized official of the company. The name of each person signing the proposal shall be typed or printed below the signature.
- All proposals submitted become the property of VCE.

2. Explanations to Proposers

All requests, questions or other communications regarding this RFP shall be made in writing to VCE via email. Address all communications to Alisa Lembke, Board Clerk. To ensure that written requests are received and answered in a timely manner, email correspondence is required. Ms. Lembke will distribute questions and the answers to all potential Proposers electronically.

Alisa Lembke, Board Clerk
604 2nd Street
Davis, CA 95616
Email: Alisa.Lembke@ValleyCleanEnergy.org

VCE will not be bound by any oral interpretation of the Request for Proposal, which may be made by any of its representatives or employees, unless such interpretations are subsequently issued in the form of an addendum to this Request for Proposal.

3. Withdrawal or Modification of Proposals

Proposals may be modified or withdrawn only by an electronic request received by VCE prior to the Request for Proposal due date.

4. Revisions and Supplements

Addenda: If it becomes necessary to revise or supplement any part of this Request for Proposal an addendum will be provided.

5. Proposal Evaluation and Selection Process

The proposals submitted shall be evaluated for award based on the criteria described in the Section IV “Proposal Evaluation Criteria” section of this Request for Proposal.

VCE may request additional information from any or all Proposers after the initial evaluation of the proposals to clarify terms and conditions.

Based on VCE's review of the proposals received, a “short listed” group of Proposers may be selected. The “short listed’ firms may be required to make verbal presentations of their qualification to VCE. If a presentation is determined to be required, the presentation will be considered in the overall technical rating.

The contract will be awarded to the best-qualified Proposer, after price and other factors have been considered, provided that the proposal is reasonable and is in the best interests of VCE to accept it.

The right is reserved, as the interest of VCE may require, to reject any or all proposals and to waive any irregularity in the proposals received.

In the event a Proposer elects to protest VCE's selection, the protest must be submitted in writing to VCE within five (5) business days of April 28, 2021.

Within fourteen (14) calendar days after notice of award, the successful Proposer shall deliver to VCE the required insurance certificates as per section 3.10 of the sample contract and the signed copies of the contract. The contract forms will be forwarded to the Proposer with the award notification.

6. Duration of Contract

This contract shall be for an initial three-year period, subject to approval by VCE's Board of Directors of the corresponding annual budget, unless otherwise mutually agreed upon in writing.

The Budget is subject to the approval of VCE's Board of Directors.

7. Qualifications of Proposers

VCE expressly reserves the right to reject any proposal if it determines that the business and technical organization, financial and other resources, or experience of the Proposer, compared to the work proposed justifies such rejection.

8. Proposal Preparation Costs

The costs of developing proposals are entirely the responsibility of the Proposer and shall not be charged in any manner to VCE.

9. Conflicts

If conflicts exist between the contract and the other elements of this Request for Proposal, the contract prevails. If conflict exists within the contract itself, the Terms and Conditions govern, followed by Scope of Services. If conflict exists between the contract and applicable Federal or State law, rule, regulation, order, or code; the law, rule, regulation, order, or code shall control. Varying levels of control between the Terms and Conditions, drawings and documents, laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement(s) shall control.

10. Manner and Time of Payment

Billing shall be submitted monthly with a detailed, itemized billing on a monthly basis in order to avoid any confusion of services provided.

11. Subcontractors

The Proposers must describe in their proposals the areas that they anticipate subcontracting to specialty firms. Identify the firms and describe how Proposer will manage these subcontracts.

Contractor will pay subcontractors in a timely manner.

Nothing contained in the Contract shall create any contractual relation between any subcontractor and VCE.

12. Notice Related to Proprietary/Confidential Data

Proposers are advised that the California Public Records Act (the "Act", Government Code §§ 6250 et seq.) provides that any person may inspect or be provided a copy of any identifiable public record or document that is not exempted from disclosure by the express provisions of the Act. Each Proposer shall clearly identify any information within its submission that it intends to ask VCE to withhold as exempt under the Act. Any information contained in a Proposer's submission which the Proposer believes qualifies for exemption from public disclosure as "proprietary" or "confidential" must be identified as such at the time of first submission of the Proposer's response to this RFP. A failure to identify information contained in a Proposer's submission to this RFP as "proprietary" or "confidential" shall constitute a waiver of Proposer's right to object to the release of such information upon request under the Act. VCE favors full and open disclosure of all such records. VCE will not expend public funds defending claims for access to, inspection of, or to be provided copies of any such records.

13. Contract

VCE's standard contract is included in the Sample Contract section of this Request for Proposal. VCE may reject proposals that contain exceptions to the Terms and Conditions included in the sample contract.

SAMPLE CONTRACT

A SAMPLE CONTRACT IS ATTACHED HERETO.

Sample Contract intentionally removed.

EXHIBIT B

LAW FIRM'S PROPOSAL

Inder G. Khalsa

T 415.421.8484
F 415.421.8486
E ikhalsa@rwglaw.com

1 Sansome Street, Suite 2850
San Francisco, CA 94104-4811
rwglaw.com

April 16, 2021

VIA ELECTRONIC MAIL

Alisa.Lembke@ValleyCleanEnergy.org
Alisa Lembke, Board Clerk
Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616

Re: Response to Valley Clean Energy's Request for Proposals for Legal Services

Dear Ms. Lembke:

Richards, Watson and Gershon ("RWG") is pleased to respond to Valley Clean Energy Authority's ("VCE") Request for Proposals for Legal Services as General Counsel. We believe that RWG is ideally suited to provide the requested legal services due to its expertise in forming and providing advice to joint powers authorities performing community choice aggregation or community choice energy services (CCAs or CCEs). Below is a summary of our Firm legal experience and the proposed pricing structure for providing General Counsel services for VCE.

I. Executive Summary

Founded in 1954, RWG specializes in the representation of local public agencies, including municipalities, special districts, and joint powers authorities. In particular, RWG's experience in representing CCAs is unmatched in California. RWG has represented CCA programs since their inception and currently serves as general counsel to three CCA programs and provides special counsel services to multiple others.

We practice statewide from our offices in San Francisco, Los Angeles, Orange County, Temecula, and the Central Coast, and we are planning to establish a Sacramento office in the second half of 2021. We understand the challenges faced by public agencies and work to identify creative and practical solutions that are tailored to the particular needs of each client. We have built a reputation as the lawyers of choice for public agencies seeking effective, reliable, and efficient legal counsel to achieve their goals. The Firm currently has 67 attorneys.

San Francisco Los Angeles Orange County Temecula Central Coast
RICHARDS WATSON GERSHON

The Firm is organized as a professional corporation and is incorporated in the State of California. As such, our legal professionals holding equity interests in the Firm are designated as shareholders. RWG is managed by a five-member Management Committee which constitutes its Board of Directors and consists of shareholders elected to the Board.

II. Proposed Team of Attorneys

We are proposing that I act as General Counsel and Greg Stepanicich and Casey Strong will provide additional expertise and support.

Inder Khalsa |General Counsel and Point of Contact

One Sansome Street, Suite 2850
San Francisco, California 94104
Phone: 415.421.8484
E-mail: ikhalsa@rwglaw.com
California Bar Admittance: December 2002
License Number: 222328

Inder began her career at RWG and has been based in the San Francisco office. She is currently planning to establish a Sacramento RWG office. Inder has represented local governments on all aspects of municipal governance, including contracting, Brown Act, Public Records Act, and conflict of interest and ethics laws. Inder currently serves as the City Attorney for the City of Davis, General Counsel to East Bay Community Energy Authority, Assistant City Attorney for the City of Mill Valley, and General Counsel to San Francisco LAFCO. Inder resides in Davis, is a VCE customer, and is available to staff VCE meetings.

In addition to her general municipal law experience, Inder specializes in joint powers authority law, with an emphasis on CCA programs. Inder has worked for CCA programs since 2008, when RWG helped to form the first CCA program in California, Marin Clean Energy. She assisted Greg with his work for Silicon Valley Clean Energy (SVCE) and currently serves as General Counsel for the East Bay Community Energy, which procures energy for most of Alameda County (the City of Alameda is not included as it has its own electrical utility) as well as the City of Tracy.

Inder was first appointed to represent the EBCE in late 2017. Inder assisted with the drafting of policies and procedures for the Board, the Board-appointed Citizen Advisory Committee, and EBCE employees. In the early days of the agency, she negotiated a funding/cooperative agreement with Alameda County to fund the CCA program until such time as it began to generate revenue. She negotiated a complex data management and customer call center agreement between the EBCE and the Sacramento Municipal Utility District, which has since been amended numerous times. Inder has assisted the agency with development of its local business development program; in 2019, EBCE signed nine contracts to develop wind, solar, and energy storage projects in California to serve EBCE customers specifically. While RWG does not draft or negotiate power purchase agreements (these are handled by outside energy counsel), Inder helped to prepare these contracts for review and approval by the Board. More recently, the EBCE expanded to cover several new cities in 2020, and Inder assisted with amending the Joint Powers Agreement to include these new territories. Currently, Inder is assisting the EBCE to adopt policies regarding the inclusion of nuclear energy within EBCE portfolios as well as the development of rebate programs to incentivize the use of electrical appliances in homes and businesses.

Inder previously represented the Marin Telecommunications Agency (MTA) as General Counsel. The MTA had previously been tasked with franchise negotiations for telecommunications services in Marin County, but since its inception in 1997, changes to state and federal law had limited its authority, leaving the agency with a primarily administrative role. Inder worked with the MTA's board and its 11 member agencies to draft the necessary documents to terminate the MTA and transition its obligations to another regional joint powers authority. This task was complicated by the structure of the original joint powers agreement, the need to seek approval from 11 city and town councils and the County board of supervisors, jurisdictional and legal concerns, and meeting delays caused by COVID-19. Despite these challenges, the MTA was able to smoothly dissolve, assign its contracts and transition its legal obligations with no gap in service effective July 1, 2020.

In addition to her JPA work, Inder specializes in land use issues, CEQA, affordable housing, and telecommunications issues.

Greg Stepanicich | Senior Legal Counsel

One Sansome Street, Suite 2850
San Francisco, California 94104
Phone: 415.421.8484
E-mail: gstepanicich@rwglaw.com
California Bar Admittance: December 1977
License Number: 78317

Greg has practiced municipal law for over 40 years. Greg currently serves as City Attorney for Fairfield (since 1997) and Mill Valley (since 2000) and as General Counsel for the Silicon Valley Clean Energy Authority, the Clean Energy Alliance and the San Francisquito Creek Joint Powers Authority. He also serves as Special Municipal Counsel to MCE, Sonoma Clean Power and Pioneer Community Energy. Greg previously served as City Attorney for Agoura Hills, Beverly Hills, Ross and Seal Beach. Greg also previously served as General Counsel for multiple joint powers authorities, including the California Statewide Communities Development Authority, Marin Clean Energy, Marin Emergency Radio Authority and Marin Telecommunications Agency.

As general background, Greg has practiced in all areas of municipal law as a City Attorney, including on litigation matters. This work has included land use law, CEQA, public contracting, election law, taxes and fees, public-private partnerships, and First Amendment law. Greg is a well-known expert in joint powers authority law and has consulted with the General Counsel's Office of the League of California Cities on proposed bills in the State Legislature affecting Joint Powers Authorities. Greg has lectured on these subjects and also has given numerous presentations on the Brown Act and the conduct of public meetings.

Greg's well-known expertise in joint powers authority law resulted in him being hired by the County of Marin to assist the County and the Marin cities and towns in establishing Marin Clean Energy in 2009. Greg drafted the Joint Powers Agreement for MCE that has been the model for all CCA's since that operate as Joint Powers Authorities. In addition, Greg was involved in the drafting of the wide range of consultant contracts that are essential to making a CCA program operational. He became General Counsel for SVCE in 2016 and CEA in 2019 after also working on the formation of each of these CCA's. Greg's CCA practice is statewide and makes up a substantial part of his current legal work.

Greg is a past President of the City Attorneys Department of the League of California Cities and served for many years on the California City Management Foundation Board of Trustees.

Casey Strong | Associate

One Sansome Street, Suite 2850
San Francisco, California 94104
Phone: 415.421.8484
E-mail: cstrong@rwglaw.com
California Bar Admittance: February 2016
License Number: 308685

Casey is an Associate in the Public Law Department and plans to join the Sacramento office once it is formed. She assists municipalities and public agencies on a variety of transactional and advisory matters, with an emphasis on land use planning, local governance, CEQA, and community choice aggregation.

Casey currently serves as Assistant General Counsel to Silicon Valley Clean Energy, and provides special counsel services to Marin Clean Energy, East Bay Community Energy and most recently, the Clean Energy Alliance in San Diego County, and has significant expertise in legal issues related to CCA programs. She is also Assistant City Attorney for the City of Fairfield and Interim Planning Commission Counsel for the City of Manteca. As part of her CCA practice, Casey has staffed board and committee meetings; worked with agency staff on the development and implementation of innovative customer-facing energy efficiency and electric vehicle programs; reviewed and advised on services and grant agreements and on the adoption of CCA policies; and analyzed the responsibilities and interests of energy providers and consultants under California conflict of interest laws. In her work for municipal clients, Casey assisted the Cities of Davis and Mill Valley to adopt new energy efficiency standards in 2019 as part of the California

Building Standards Code adoption process. She has also assisted the Marin Emergency Radio Authority and the San Francisquito Creek Joint Powers Authority with constructing new facilities, including reviewing and advising on environmental documents to ensure compliance with CEQA and working with staff to meet noticing and other statutory requirements. Casey would be able to attend VCE meetings when Inder has a conflict.

Casey joined the Firm in 2016 following a clerkship in Reno, Nevada with the Honorable Valerie P. Cooke of the United States District Court for the District of Nevada. While in law school at the University of Colorado, Casey gained broad experience in environmental and public law matters working with the California Department of Justice, Earthjustice, and the Sacramento office of the United States Department of Justice's Environment and Natural Resources Division.

III. Legal Experience: Particular Areas of Knowledge and Experience in CCA and General Municipal Law

RWG's proposed team of attorneys is backed by over 60 other attorneys at RWG, with expertise in all areas of municipal law, including specialized areas such as joint powers authority formation, Brown Act law compliance, land use planning, zoning, environmental law and CEQA, labor and employment, California Public Records Act compliance, records retention and destruction, government ethics, public works construction and public-private partnerships. Due to space constraints, we will not outline our experience in all of these areas here, but will focus on issues most common for CCA programs. More information about all of RWG's practice areas can be found on our website at http://www.rwglaw.com/practices.

CCA Programs and Joint Powers Authorities

RWG's experience in representing CCAs is unmatched in California. RWG has represented CCA programs since their inception. Greg Stepanicich drafted the Joint Powers Agreement for MCE, which was the first operational CCE program in California. This Joint Powers Agreement and the operational steps taken after the formation of MCE have provided the blueprint for the subsequent CCA programs. Greg served as General Counsel for MCE, with assistance from Inder, until in-house general counsel was hired after the CCA program was implemented. The launch of MCE met very aggressive opposition from PG&E and Greg worked closely with Dawn Weisz and the Board in successfully resisting the efforts by PG&E to derail the start-up of MCE and its launch of customer service. RWG continues to serve as Special Counsel to MCE.

In 2016, RWG assisted in the formation of Silicon Valley Clean Energy (SVCE) including preparing all of its formation and start up documents. This also was a collaborative effort with an initial formation committee made up of four agencies which led to a Joint Powers Authority made up of the County of Santa Clara and 12 cities and towns. Greg serves as SVCE's General Counsel, working closely with staff on the Innovation Onramp program that promotes decarbonization and involves cutting edge approaches to reaching the goal of a carbon free community. Casey is the primary assistant General Counsel for SVCE .

Inder was appointed as General Counsel for the East Bay Community Energy Authority (EBCE) in late 2017, shortly after the joint powers authority was formed, and Inder assisted EBCE with its early funding arrangements, policies and procedures, the formation of the Citizen Advisory Committee, its Implementation Plan, and the development of a local business development plan. In 2018, EBCE hired in-house General Counsel, and Inder served in a special counsel capacity for a year. When the General Counsel resigned in mid-2019, Inder was invited back to serve the Agency as General Counsel. She remains in this role nearly two years later and the agency has not shown an interest in returning to in-house General Counsel.

Our Firm also assisted with the formation of Central Coast Clean Energy (CCCE) in the fall of 2018. However, due to the financial uncertainties created by the significant increase in the PCIA at that time, CCCE decided to dissolve and its two city members joined Monterey Bay Community Power (MBCP). We worked with the CEO and General Counsel of MBCP in facilitating this expansion of MBCP.

In 2019, RWG assisted the Cities of Carlsbad, Del Mar and Solana Beach in forming the Clean Energy Alliance (CEA). Greg currently serves as CEA's General Counsel. This new CEA in northern San Diego County will launch services next month and we have been assisting CEA in its start-up operations.

Last year, RWG was hired by Sonoma Clean Power to provide legal advice and contract drafting on its Lead Locally Project promoting the installation and use of electric and energy reducing appliances. As part of this work, we obtained a determination from the California Department of Industrial Relations that SCP's program promoting and contributing funds to the installation of green energy products in single family homes is not subject to the payment of prevailing wages. This determination was particularly important in allowing SCP to use CEC grant funding on this program.

This past year we have worked closely with a group of CCA's to form California Community Power (CC Power), a JPA made up of CCA's. The purpose of this JPA is to consolidate the buying power of a group of CCA's to finance and construct large scale electric generation and long-term storage projects. We currently are providing advice to CC Power on the selection of its General Counsel and the development of labor and environmental policies.

With this extensive experience, we do not believe that RWG's expertise can be matched in providing CCA general counsel services. Our role has been to establish the organizational structure and necessary contractual relationships to launch and operate a CCA program, staff meetings and assist the board with adoption of policies and procedures, advise on legal issues specific to CCAs and JPAs, as well as general municipal law, and assist with personnel and employment issues. Some highlights of this work include the following:

- Amendments to JPA Agreements
- Drafting of By-Laws and other operational and procedural rules
- On-going assistance on Brown Act, conflict of interest, and Public Records Act requests and providing staff and Citizen Advisory Commission training on these subjects
- Governance questions, including adding a provision to a JPA Agreement allowing members within a county to designate a single representative and changes to the formation of the Citizen Advisory Committee
- Public Works construction questions, including assisting with procurement policies, drafting the necessary documents to provide more flexibility in public works contracting under the Uniform Public Construction Cost Accounting Act, and advising on the payment of prevailing wages and the establishment of labor policies
- Preparing and updating required Secretary of State and other filings
- CEQA advice, including addressing CEQA objections prior to the launch of MCE service in 2010 and the approval of the Marin Solar One facility in Richmond based on an EIR which received detailed comments from interested parties as well as threats of lawsuits
- Advice on local zoning requirements
- Advice on personnel matters and HR questions, including the drafting of HR rules
- Drafting of MOU with ZGlobal and personal guaranty to back up ZGlobal's MOU obligations regarding CAISO deposits for energy purchases
- Updates to investment policies
- Advice and preparation of program documents for customer programs promoting the use of electric appliances and energy efficiency products

We are not energy lawyers, so the energy contracts and financing documents for MCE, SVCE and EBCE have been prepared by specialized outside counsel. Similarly, our CCA clients hire specialized counsel for regulatory matters involving the California Public Utilities Commission.

In our experience, CCA programs operate at a fast-pace. We have the necessary expertise and resources to meet the required deadlines and assist our clients to respond quickly to a rapidly changing legal and regulatory environment.

Brown Act/Open Meeting Laws

Providing advice on the Brown Act, the Political Reform Act and Government Code Section 1090, and the Public Records Act is a daily part of our practice. We regularly work with staff in developing agenda and closed session descriptions to ensure that legal requirements for transparency are met. We regularly advise board members or councilmembers when they need to abstain on matters due to a financial conflict. We have extensive experience in preparing requests for advice letters from the FPPC.

Employment Law and Benefits

The Firm's Labor and Employment Law Department represents public entity employers in all aspects of the employment relationship. We offer a full range of labor and employment legal services in human resources administration, legal compliance, employer-employee relations, and employment litigation, including benefits administration, the Public Employees' Retirement System (PERS), discipline matters and arbitration. We assist our clients with compliance with employment laws such as those governing wages and hours (FLSA, California Labor Code), equal employment (Title VII, FEHA, ADA, ADEA), protected leaves of absence (FMLA, CFRA, PDL, Kin Care, Labor Code, Military Leave), and other employee rights (privacy, whistleblower).

We approach our work with the overall goal of labor and employment counseling to avoid litigation through a positive personnel program, preventive advice, and legally compliant procedures. When litigation is unavoidable, we have been very successful in defending the decisions of public entities in actions involving labor problems, alleged discrimination and harassment, and challenges to disciplinary decisions.

Public Contracting and Procurement

RWG attorneys regularly handle public works contracting matters, including construction contract preparation and bid document review, bid disputes, stop notice and retention issues, construction claims, and litigation stemming from these matters. We also have prepared purchasing or procurement ordinances and policies to fit the particular needs of our different public agency clients.

Our services cover the entire public works process, from initial planning and development of a project, engagement of architects, general contractors and project managers, and CEQA review to construction contracts, and when necessary, defense of claims involving contractors for construction defects and design professionals for errors and omissions in the preparation of plans and specifications.

Real Estate & Land Use

We are experts in real estate and land use matters. We have extensive experience in coordinating entitlement and public approval processes, including monitoring CEQA compliance, negotiating complex development agreements, and drafting summary reports, findings, and resolutions. We frequently handle complex real estate transactions and advise on all legal issues associated with development.

IV. References

Nick Chaset, Chief Executive Officer **East Bay Community Energy Authority** 1999 Harrison Street, Suite 800 Oakland, CA 94612 Phone: (510) 219-2121 nchaset@ebce.org	Girish Balachandran, Chief Executive Officer **Silicon Valley Clean Energy Authority** 333 W. El Camino Real, Suite 290 Sunnyvale, CA 94087 Phone: (844) 474-7823 girish@svcleanenergy.org
Mike Webb, City Manager **City of Davis** 23 Russell Blvd., Suite 1 Davis, CA 95616 Phone: (530) 757-5602 cmoweb@cityofdavis.org	

V. Pricing Structure

Instead of a retainer, RWG proposes to provide VCE with a discounted hourly billing rate for the first 30 hours of general legal services provided in a calendar month, as follows.

Shareholders and Senior Attorneys	**$300 per hour**
Associates	**$250 per hour**

Beyond 30 hours a month or for Special Services, Shareholders and Senior Attorneys will be billed at $335 an hour, with Associates billed at $275 per hour. All paralegal time will be billed at $175 an hour. Special Services are defined to include litigation, specialized real estate, and specialized public finance advisory services.

Inder lives in Davis and will not charge for travel time within Yolo County. Travel time for other attorneys, for court appearances, or for meetings outside of Yolo County will be charged from the attorney's residence or the Sacramento office, whichever distance is shorter. Copying costs will be charged at 5 cents per page. We endeavor to avoid copying documents whenever possible and will provide documents by e-mail at no cost to VCE. All other costs, such as, messenger and delivery services, will be charged only at the RWG's actual out-of-pocket expenses. RWG will not charge for word processing and similar clerical tasks.

RWG has reviewed the form Sample Agreement attached to the RFP and finds it acceptable with the following exceptions for which RWG would request revisions in a final agreement:

- We would request a mutual right of termination.
- We would ask that attorney work product be excluded from records required to be inspected by the CVE under Section 3.12.
- The Firm's Professional Liability Insurance includes a self-insured retention of $250,000. This retention does not apply to VCE employees and we believe it is not necessary for the Firm to procure a bond guaranteeing payment as this amount is well within the Firm's resources.
- The Firm's insurance policies contain confidential information and, as such, complete certified copies are not available. However, the Firm may provide redacted or specimen copies confirming coverage terms upon request.

VI. Conclusion

We have run a conflict of interest check and have not identified any actual or potential conflicts RWG may have in providing the requested services.

We appreciate the opportunity to present this proposal for consideration. The growth of CCA programs has been a very exciting development in energy procurement in California. It is one of the most successful and promising programs for encouraging development of local renewable energy resources, providing residents with cleaner electricity at competitive rates, and addressing climate change at the local community level. Our Firm has been very fortunate to be at the forefront of this local government movement.

We believe that the experienced team we propose, backed by the extensive resources of RWG, would provide excellent representation to VCE. We look forward to discussing our proposal with you. In the meantime, we are happy to answer any questions.

Very truly yours,

Inder Khalsa

Inder Khalsa

EXHIBIT C

COMPENSATION

RWG will provide VCE with a discounted hourly billing rate for the first 30 hours of general legal services provided in a calendar month, as follows:

Shareholders and Senior Attorneys	**$300 per hour**
Associates	**$250 per hour**

Beyond 30 hours a month or for Special Services, Shareholders and Senior Attorneys will be billed at $335 an hour, with Associates billed at $275 per hour. All paralegal time will be billed at $175 an hour. Special Services are defined to include litigation, specialized real estate, and specialized public finance advisory services.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021- _______

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING ENTERING INTO AN AGREEMENT FOR GENERAL LEGAL COUNSEL WITH RICHARDS, WATSON AND GERSHON AND AUTHORIZING INTERIM GENERAL MANAGER IN CONSULTATION WITH LEGAL COUNSEL TO EXECUTE AND SIGN THE AGREEMENT

WHEREAS, in March 2021, a Request for Proposal (RFP) was released by Valley Clean Energy (VCE) seeking proposals to provide general legal counsel services; and

WHEREAS, VCE staff reviewed and evaluated the RFP responses, checked references, and completed vendor interviews in April 2021; and

WHEREAS, VCE staff recommended that two law firm candidates be interviewed by the Board Subcommittee to determine who to recommend to the Board to pursue contract negotiations; and

WHEREAS, Richards, Watson and Gershon were recommended to provide general legal counsel for VCE.

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

1. Approval of the attached agreement with Richards, Watson and Gershon for general legal counsel for VCE and authorization of the Interim General Manager, in consultation with legal counsel, to execute and sign the agreement.

ADOPTED, this ____________ day of ______________, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Dan Carson, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment A: RWG Agreement

ATTACHMENT A

GENERAL LEGAL COUNSEL AGREEMENT WITH RICHARDS, WATSON AND GERSHON

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO:	Board of Directors
FROM:	Mitch Sears, Interim General Manager Edward Burnham, Director of Finance & Internal Operations
SUBJECT:	Fiscal Year 2021-2022 Operating Budget – UPDATED 6/7/21
DATE:	June 10, 2021

RECOMMENDATIONS

1. Extend the policy strategy adjustments approved by the Board last June one year to reduce procurement of short-term renewable resources (RECs) to partially mitigate financial impacts of rising Power Charge Indifference Adjustment (PCIA) and Resource Adequacy (RA) costs in fiscal year 2021-2022.

2. Approve FY 2021-2022 Operating Budget Option 1 with $51.2M of operating revenues and $58.1M of operating expenses.

OVERVIEW

This update is the final of three discussions leading to Board adoption of the FY 2021-2022 budget (FY 2022 Budget). The purpose of this staff report is to: (1) recommend extension of the Board policy approved last June to reduce procurement of short-term RECs to partially mitigate financial impacts of rising PCIA and RA costs in fiscal year 2021-2022 and (2) provide current fiscal year 2021 actuals, an overview of key factors influencing the draft 2022 Budget, and present analysis of three budget scenarios for Board consideration.

As detailed in the body of this report, the current FY 2021 is anticipated to be approximately $1.8M net more favorable compared to the approved budget. The recommended FY 2022 budget Option 1 is approximately $0.8M net more favorable than the financial forecast presented to the Board during the May 2021 budget update. When considered together, the two fiscal years result in a combined favorable impact compared to previous forecasts.

In addition, staff has prepared a supplemental technical report detailing the impacts associated with the long-term renewable power purchase agreements (PPA) that VCE has signed over the past two years. The supplemental report is included as Attachment 1 and provides context for the budget recommendation as well as power procurement decisions that the Board will be considering in the future.

BACKGROUND

As discussed in the previous two budget staff reports the past 18 months has seen high volatility in the energy sector and overall economy primarily driven by the uncertainty during the COVID-19 pandemic and possible long-term recession. In response and as part of the FY 2021 budget and monitoring process, VCE has taken the following key actions:

- In June 2020, the VCE Board adopted policy adjustments to scale back VCE's near-term acquisition of renewable and GHG-free power content. This policy was adopted by the Board to address: (1) the objective of aligning VCE's short and long-term power procurement efforts, (2) the increasing/unpredictable PCIA, and (3) volatility in Resource RA power pricing which have created uncertainty for CCA programs across the State. The policy adjustments partially mitigated the negative financial impacts that an increasing and volatile PCIA and more costly RA market have on VCE. The policy adjustments placed VCE in a better position to maintain competitive rates and clean power content for its customers while meeting its baseline compliance obligations. Staff is recommending a one-year extension of these policy adjustments for the reasons listed above. Analysis of the policy adjustments was provided to the Board last month – the May Board staff report is at: Item-15-Power-Content-Policy-Strategies-5-13-21.pdf (valleycleanenergy.org)

- In June 2020, the Board adopted a FY 2020-2021 budget which focused on minimizing use of reserves and includes the fiscal mitigation policy adjustments noted in the bullet point above. As a result, the projected fiscal year net loss was reduced from over $5M to $2.8M. As detailed in Analysis Section 1 below, actual financial performance over the past 10 months has further reduced the current fiscal year net loss to $1M.

- In October 2020, staff presented a mid-year budget update to monitor actual customer load demand, revenue, and expenses during the pandemic. The June 2020 forecasted net deficit for FY 2022 was approximately $6.0M; the follow up mid-year update in October 2020 showed a net $7.1M deficit due to rising RA, power, and PCIA costs.

- In May 2021, staff, in conjunction with SMUD, provided a budget update including the annual electricity demand forecast for VCE for a projected net income loss of approximately $7.70M for FY 2022. The three primary drivers include: (1) a load increase of 0.5% as the predicted dampening effects of a lasting recession from COVID are no longer anticipated, (2) 7% increase in market power costs compared to FY 2021 due primarily to the hot 2020 summer and its impacts on forward market power prices, and (3) Time of Use (TOU) rate transitions for non-residential customers are lower than anticipated due to the methodology applied by PG&E.

As noted in the attached supplemental report, renewable power and storage resource deliveries will begin later this year and greatly increase in 2022 and 2023. Because these are fixed price contracts covering a substantial portion of VCE's annual load, this will reduce price over current RPS and RA market costs and greatly reduce volatility going forward. As discussed with the Board last June and the lead-up to the budget adoption this year, the undesirable but necessary policy adjustments and utilization of reserves to stabilize customer rates allows VCE to bridge the gap until the long-term PPAs begin delivery.

CAC Recommendation on policy strategy adjustments
On May 27, 2021, the community advisory committee reviewed the staff recommendations for policy adjustments on VCE's near-term acquisition of renewable and GHG-free power content. Based on the current near term financial outlook for FY 2021-2022, the CAC unanimously recommended the following recommendation to the Board.

> "*The CAC after a sobering discussion, reluctantly recommends due to fiscal prudency, that the Board follow the recommendation of Staff to continue the near-term policy of lower renewable energy credit (REC) and carbon free content purchases in 2022 with the following addition: For the 2022 year the initial RPS target is a minimum of 20% and quarterly updates are given to both the Board and CAC on the status of long-term contracts, RPS progress and budget numbers with the intent of increasing this target up to 42% if at all feasible." Additionally, the CAC recommends that when taking this item back to the Board, that Staff provide the Board with financials from FY2018/19 and FY2019/20 as well as budget estimates for FY2022/23 and FY2023/24 to provide a fuller picture of the financial health of the organization. Lastly, the CAC would like to wait on a recommendation for the target RPS for the 2021-24 average and requests that Staff bring this item back to the CAC when the item needs to be determined.*"

ANALYSIS
This report updates information provided to the Board in April and May and provides the basis for the staff recommended FY 2022 budget. The sections below provide updates on: (1) current fiscal year 2021 actuals (2) overview of key factors influencing the draft FY 2022 Budget, and (3) analysis of three budget scenarios considered by staff in making its final recommendation.

1. Current Operating Budget Update - FY 2021
As presented to the Board in May, VCE continues to see more favorable actuals through April 2021 than forecasted. The current fiscal year actuals grew by approximately $300K in April, resulting in a net loss estimate of $1.0M for the fiscal year – this is down from the original FY estimated loss of $2.8M. The key factors that resulted in the $1.8M difference between the FY 2021 adopted budget and the actual operating expenses for the 10 months ending April 30, 2021 include:

- +$1.385M due to a combination of increased revenues partially offset by increased power costs than forecasted during Covid-19.
- +$452K due to lower operating expenses related to marketing, support services, legal, and contingency.

The following table summarizes the FY 2021 actuals v. approved budget.

FY 2021	APPROVED BUDGET FY 2020-21		ACTUAL YTD April 30 (10 MO) + FORECAST (2 MO) FY 2020-21		Variance	
Revenue	$	49,638	$	55,410	$	(5,772)
Power Cost	$	47,670	$	52,056	$	(4,386)
Other Expenses	$	4,802	$	4,365	$	438
Net Income	$	(2,834)	$	(1,010)	$	(1,823)

Staff anticipates that this slightly favorable budget trend should continue through the remainder of the current fiscal year (i.e. May and June 2021 actuals) and is expected to provide a small offset of the net negative impacts forecast for FY 2022.

2. Key factors – FY 2022 Budget

Overall, the VCE financial outlook has not changed significantly since the Board approved the current fiscal year budget in June 2020. Staff and SMUD continue to forecast a significant loss in FY 2022 ($6.9M), resulting in the staff recommended budget that utilizes reserves to stabilize customer rates in the short-term before VCE's long-term PPA contracts come on-line in 2022 and 2023.

Key base-line factors that influenced the development of the budget options presented in Section 3 below include:

- Power Prices. Average forward market power prices have increased by approximately 7% since the April-2021 preliminary draft budget. This impacts the budget directly since VCE buys forward energy price hedges to manage energy price risk. Based on the Board approved procurement policy, SMUD is in the process of completing hedge purchases for 2022. Speculation in the energy markets on the potential for a repeat of the heat storm event of last summer are pushing forward market power prices significantly higher. This cost driver has increased total power costs by $3.3M for half of the hedges for 2022. Beyond 2022, a significant portion of these short-term energy costs and the associated price volatility will be mitigated by the commencement of our long-term PPA agreements – see Chart 4 in attachment 1 – Power Content Supplemental Report.
- Interest. Lower anticipated interest earnings of $83K as Federal Reserve rates are expected to remain low through calendar year 2022
- Time of Use (TOU) rate transitions. Time of Use (TOU) rate transitions for non-residential customers are lower than anticipated due to the methodology applied by PG&E by 20%. This has resulted in lower revenue from the customers who have remained on non-TOU rates. PG&E has confirmed customers will continue to transition but PG&E has not provided any details for the total percentage expected. Transition of 100% would result in ~$300K of additional revenues.
- Budget Contingency. Reduced budget contingency from 5% to 3% for a savings of $87K related to normalized cost structure for other operating costs. Contingency has not been utilized significantly since launch of operations in 2018.

- Extension of Procurement Policy Adjustments. If approved by the Board, continued Renewable and GHG free procurement policy adjustments in FY 2022 totaling a savings of approximately $550K.

In addition to the key factors listed above, the recommended FY 2022 budget carries forward the following assumption from the last budget cycle:

- Power costs close to, or exceeding, revenue – making it difficult to cover operating costs without experiencing negative net income
- Continued significant revenue erosion from PCIA
- Continued significant power cost increase due largely to increased RA costs
- Cash reserves being utilized to stabilize customer rates
- Reduced and more stable power costs as VCE long-term power purchase agreements (PPA's) start coming on-line in 2021, 2022, and 2023.

The results of various regulatory, legislative and/or market factors are expected lead to a greater normalization of PCIA and RA power costs in 2023 and beyond but are not factored into this budget cycle. Staff will continue to monitor and update the Board should conditions change. The FY 2022 Draft Budget options shown below are inclusive of the above factors.

3. FY 2022 Draft Budget Scenarios

Staff developed three budget scenarios to test the sensitivity of key variables that drive financial outcomes for VCE: PCIA and PG&E generation rates – all scenarios incorporate the same power cost assumptions based on the best available market information from SMUD and so are consistent in each scenario. The scenarios represent a best, worst, and most likely scenario that serve to bookend the analysis while offering a third "most likely" scenario that incorporates the best available information and forecasts for the PCIA and PG&E generation rates. These scenarios are presented below as budget options with the staff recommendation shown as Option 1 (most likely). In addition to consistent power cost assumptions, each budget option includes a continuation of the FY 2021 Renewable and GHG free procurement policy, forward power cost increases, TOU transition of 80% of our customers, reduced interest income, and reduced contingency.

Rate Forecasts and Revenue

VCE's current rates policy is to match PG&E's generation rates for its default energy product (Standard Green). VCE, along with all other California CCAs, receives PG&E generation rate forecasts from a consultant under contract with CalCCA. VCE has used this source of information in the last two budget cycles. The latest forecast from the consultant (May 2021), predicts significant increases in PG&E's generation rates over the FY 2022 time period. These price increases based on information from separate filings to the CPUC and are forecasted to occur in September 2021 and January 2022.

- September 2021 forecasted rate increase request is based on an expected application by PG&E requesting recovery of insurance costs recorded in its Wildfire Expense Memorandum Account (WEMA).

- January 2022 rate increases are related to the 2022 Annual Consolidated Rate Change and requesting to recover costs recorded in its Catastrophic Event Memorandum Account (CEMA). PG&E implements several rate changes at the start of each year to reflect the consolidation of authorized and pending revenue changes, including the implementation of the ERRA, PABA, GRC attrition years, and recovery of balances in various balancing accounts.

As with the volatility in costs, forecasted rate increases impacting FY 2022 are included in the budget options ranging from 2% to 13.5%. Option 1 (recommended) is structed by staff as a cautious blended rate of 5.5% in FY 2022, Option 2 as the lower end range of a 2% increase, and Option 3 as the high end of the range increase of the full 13.5%.

The budget options detailed below incorporate these rate forecasts as follows:

- Option 1: Moderately high discount of projected PG&E generation rate increases.
- Option 2: High discount of projected PG&E generation rate increases.
- Option 3: Low discount of projected PG&E generation rate increases.

Budget Option 1: FY 2021/2022

Budget option 1 incorporates rate changes of 1.5% for the first 6 months of FY 2022 related to the CPUC proceeding in September, and 4% for the last 6 months of FY 2022 related to the two proceedings for January. The net impact for FY 2022 is a loss of $6.9M, in line with previous forecasts from the last budget cycle.

Table 1 – Budget Option 1 (Recommended)

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY FY2021 - BUDGET OPTION 1	APPROVED BUDGET FY 2020-21	ACTUAL YTD April 30 (10 MO) + FORECAST (2 MO) FY 2020-21	DRAFT BUDGET FY 2021-2022
Energy - Megawatt Hours	**717,987**	**753,546**	**773,652**
OPERATING REVENUE	**$ 49,638**	**$ 55,410**	**$ 51,188**
OPERATING EXPENSES:			
Cost of Electricity	47,670	52,056	53,210
Contract Services	2,723	2,511	2,591
Outreach & Marketing	241	207	241
Programs	12	1	135
Staffing	1,132	1,133	1,164
General, Administration and other	772	527	743
TOTAL OPERATING EXPENSES	**52,550**	**56,434**	**58,085**
TOTAL OPERATING INCOME	**(2,912)**	**(1,024)**	**(6,897)**
NONOPERATING REVENUES (EXPENSES)			
Interest income	135	70	56
Interest expense	(57)	(56)	(42)
TOTAL NONOPERATING REV/(EXPENSES)	**78**	**14**	**15**
NET MARGIN	**$ (2,834)**	**$ (1,010)**	**$ (6,882)**
NET MARGIN %	**-5.7%**	**-1.8%**	**-13.4%**

As shown in Table 4 below – Budget Option Comparison, approval of this option forecasts a stabilization of VCE's financials in 2023 and a return to positive net margins by 2024. Staff is recommending budget Option 1 as a relatively cautious financial approach as VCE transitions to longer-term power contracts in 2021, 2022, and 2023.

Budget Option 2: FY 2021/2022

Budget Option 2 continues the previous budget cycle's assumed rate increases of 2% starting in January 2022 for the FY 2022 budget. Given the rate increases experienced in actual and forward power costs and the best available forecasting information from the CalCCA consultant, staff believes this rate increase would be understated and represents an unlikely outcome for this budget cycle.

Table 2 – Budget Option 2 (low range)

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY FY2021 - BUDGET OPTION 1	APPROVED BUDGET FY 2020-21	ACTUAL YTD April 30 (10 MO) + FORECAST (2 MO) FY 2020-21	DRAFT BUDGET FY 2021-2022
Energy - Megawatt Hours	**717,987**	**753,546**	**773,652**
OPERATING REVENUE	**$ 49,638**	**$ 55,410**	**$ 49,170**
OPERATING EXPENSES:			
Cost of Electricity	47,670	52,056	53,210
Contract Services	2,723	2,511	2,591
Outreach & Marketing	241	207	241
Programs	12	1	135
Staffing	1,132	1,133	1,164
General, Administration and other	772	527	743
TOTAL OPERATING EXPENSES	**52,550**	**56,434**	**58,085**
TOTAL OPERATING INCOME	**(2,912)**	**(1,024)**	**(8,915)**
NONOPERATING REVENUES (EXPENSES)			
Interest income	135	70	56
Interest expense	(57)	(56)	(42)
TOTAL NONOPERATING REV/(EXPENSES)	**78**	**14**	**15**
NET MARGIN	**$ (2,834)**	**$ (1,010)**	**$ (8,900)**
NET MARGIN %	**-5.7%**	**-1.8%**	**-18.1%**

As shown in Table 4 below – Budget Option Comparison, this option forecasts a greater net loss for VCE in FY 2022 but is a less likely outcome. However, even in this unlikely scenario, VCE has adequate reserves to stabilize VCE's financials through 2023 and is projected to return to low positive net margins by 2024. Staff is not recommending budget Option 2 as it is considered an unlikely scenario.

Budget Option 3: FY 2021/2022

Budget option 3 incorporates rate changes of ~4% for the first 6 months of FY 2022 related to the CPUC proceeding in September, and ~9.5% for the last 6 months of FY 2022 related to the two proceedings for January. This option incorporates the full rate increase from the CalCCA consultant which is considered by staff as an unlikely outcome based on additional customer cost burdens during the assumed period of recovery from the pandemic.

Table 3 – Budget Option 3 (high range)

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY FY2021 - BUDGET OPTION 1	APPROVED BUDGET FY 2020-21	ACTUAL YTD April 30 (10 MO) + FORECAST (2 MO) FY 2020-21	DRAFT BUDGET FY 2021-2022
Energy - Megawatt Hours	**717,987**	**753,546**	**773,652**
OPERATING REVENUE	**$ 49,638**	**$ 55,410**	**$ 55,461**
OPERATING EXPENSES:			
Cost of Electricity	47,670	52,056	53,210
Contract Services	2,723	2,511	2,591
Outreach & Marketing	241	207	241
Programs	12	1	135
Staffing	1,132	1,133	1,164
General, Administration and other	772	527	743
TOTAL OPERATING EXPENSES	**52,550**	**56,434**	**58,085**
TOTAL OPERATING INCOME	**(2,912)**	**(1,024)**	**(2,623)**
NONOPERATING REVENUES (EXPENSES)			
Interest income	135	70	56
Interest expense	(57)	(56)	(42)
TOTAL NONOPERATING REV/(EXPENSES)	**78**	**14**	**15**
NET MARGIN	**$ (2,834)**	**$ (1,010)**	**$ (2,608)**
NET MARGIN %	**-5.7%**	**-1.8%**	**-4.7%**

As shown in Table 4 below – Budget Option Comparison, this option forecasts a lower net loss for VCE in FY 2022 but is considered a less likely outcome by staff. In this unlikely scenario, VCE shows robust net margins beginning in 2023. Staff is not recommending budget Option 3 as it is considered an unlikely scenario.

Table 4 – Budget Option Comparison

	Actuals		ACTUAL YTD April 30 (10 MO) + FORECAST (2 MO)	Budget Options	Forecasted	
OPTION 1	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	51,035	55,249	55,410	51,188	59,100	59,600
Power Cost	38,540	41,538	52,056	53,210	53,800	49,600
Other Expenses	3,850	4,346	4,365	4,859	5,100	5,200
Net Income	8,646	9,365	(1,010)	(6,882)	200	4,700
OPTION 2	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	51,035	55,249	55,410	49,170	56,000	56,500
Power Cost	38,540	41,538	52,056	53,210	53,800	49,600
Other Expenses	3,850	4,346	4,365	4,859	5,100	5,200
Net Income	8,646	9,365	(1,010)	(8,900)	(2,900)	1,600
OPTION 3	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	51,035	55,249	55,410	55,461	66,300	66,800
Power Cost	38,540	41,538	52,056	53,210	53,800	49,600
Other Expenses	3,850	4,346	4,365	4,859	5,100	5,200
Net Income	8,646	9,365	(1,010)	(2,608)	7,400	11,900

Note: 2023 and 2024 forecasted financials are based on most current available data and continuation of assumptions in 2022 budget options with a CPI factor of 1.5%.

CONCLUSION

Staff is recommending that the Board extend the policy strategy adjustments approved last June one year to reduce procurement of short-term renewable resources (RECs) to partially mitigate current financial impacts and approve FY 2021-2022 Operating Budget Option 1 with $51.2M of operating revenues and $58.1M of operating expenses. Staff believes the recommended budget:

- Helps effectively manage budgeted revenues and costs during the transition from the pandemic and to long-term PPAs;
- In combination with reserves, it helps stabilizes customer rates; and
- Does not utilize VCE's current $7 million Revolving Line Of Credit with River City Bank.

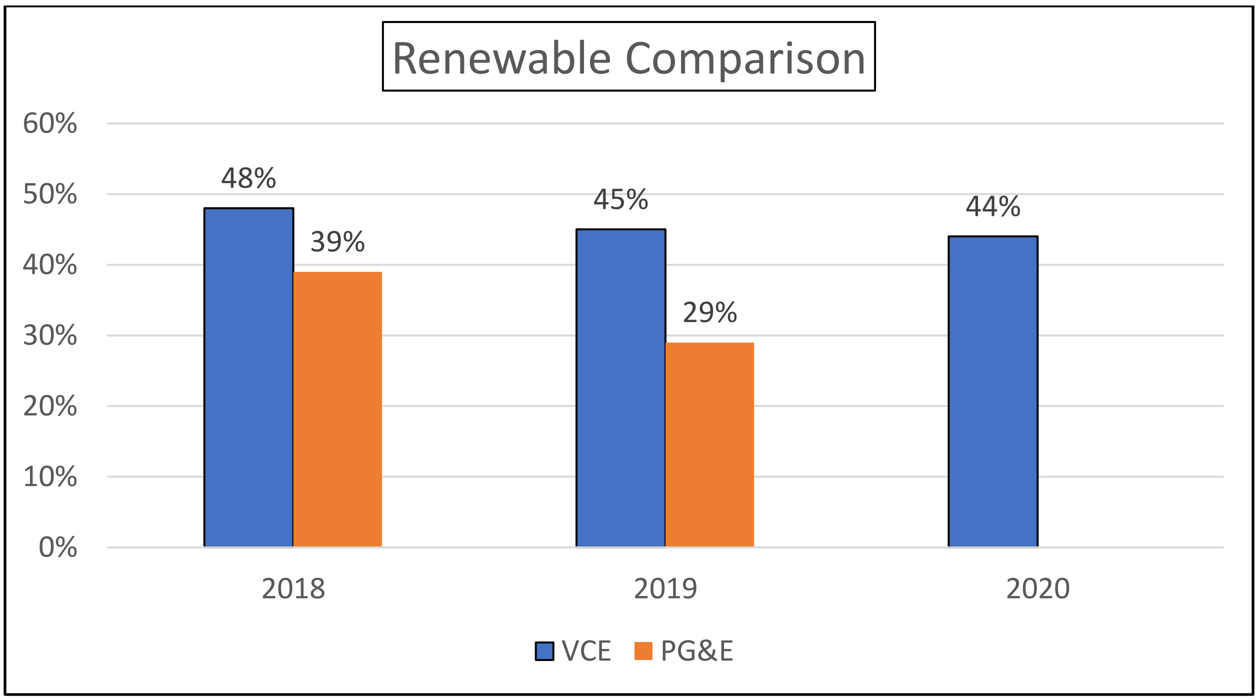
ATTACHMENTS

1. Power Content Supplemental report
2. Operational Budget for Fiscal Year 2021-2022
3. Resolution

BACKGROUND AND DISCUSSION RELATED TO THE POWER PORTFOLIO

In June 2020, the VCE Board adopted policy adjustments to scale back VCE's near-term acquisition of renewable and GHG-free power content. This policy was adopted by the Board to address: (1) the objective of aligning VCE's short and long-term power procurement efforts, (2) the increasing/unpredictable Power Charge Indifference Adjustment (PCIA), and (3) volatility in Resource Adequacy (RA) power pricing which have created uncertainty for CCA programs across the State. The policy adjustments partially mitigated the negative financial impacts that an increasing and volatile PCIA and more costly RA market have on VCE. The policy adjustments placed VCE in a better position to maintain competitive rates and clean power content for its customers while meeting its baseline compliance obligations.

Chart 1 below is a comparison of renewable power content for both VCE and PG&E to provide a historical context of where VCE has been so that the Board can assess the past, current and future content (shown later in this report). Note: VCE's 2020 renewable content is preliminary and PG&E for 2020 is not yet available.



<u>Fiscal Impact Considerations</u>

The renewable and GHG free procurement policy adjustments adopted by the Board in June 2020 performed as expected, saving an estimated $2.25M in the current fiscal year (FY 2020-2021). The drivers of the need for this policy (listed above) have not diminished, therefore staff has incorporated the policy adjustment savings into the budget forecasts over the past year and in the draft FY 2021-2022 budget.

If the policy adjustments are not extended and VCE maintains its 42% RPS procurement approach for 2022, the power costs in the draft FY 2021-2022 budget will increase by approximately $1.5M; this is less than the savings from the current fiscal year since VCE's long-term PPAs will begin providing lower cost renewable energy in FY 2021-2022, displacing a portion of the higher cost short-term RECs that would otherwise be procured by VCE.

Approved Power Content Policy Strategy Adjustments for 2021

Board approval of the policy in June 2020 resulted in a 2021 power content target of 10% renewable, 10% large hydro for a combined 20% carbon free. Staff and SMUD have procured to these adopted targets for 2021. Table 1 shows the current outlook for 2021. Note: the totals of 11% for renewable and large hydro supply provide a buffer for variability in production.

Table 1 - 2021 RPS/GHG Free Power Outlook

VCEA Retail Load-	719,098	
Renewable Supply	**77,458**	**11%**
Aquamarine Solar	23,028	
Indian Valley	1,500	
Putah Creek Energy Farm	930	
Short Term RECs	52,000	
Large Hydro	**79,427**	**11%**
Hydro Contract	29,427	
PG&E Allocation Estimate	50,000	
System Power	**562,213**	**78%**

Recommended Power Content Policy Strategy Adjustments for 2022

If approved, the power content policy strategy adjustments for 2022 are projected to result in in a 2022 power content of approximately 20% renewable and 7% large hydro for a combined 27% carbon free as shown in Table 2.

Table 2 - Proposed 2022 RPS/GHG Free Power Outlook

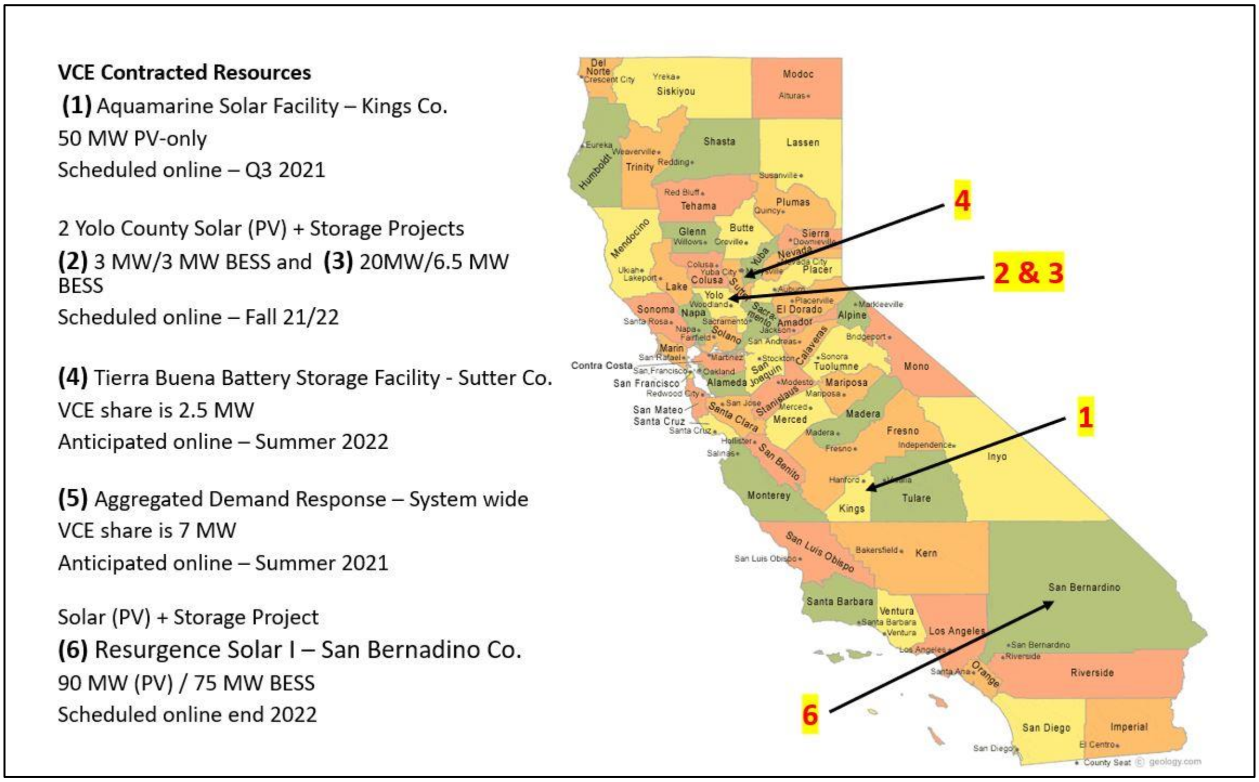
VCEA Retail Load	728,826	
Renewable Supply	**145,807**	**20%**
Aquamarine Solar	131,991	
Indian Valley	6,448	
Putah Creek Energy Farm	6,956	
Resurgence Solar I	412	
Large Hydro	**50,000**	**7%**
PG&E Allocation Estimate	50,000	
System Power	**533,019**	**73%**

Note: over the period discussed in this report, VCE does not plan to contract for additional large hydro (GHG-free) other than the allocations received from PG&E (approx. 5-10%).

Contracted Resources

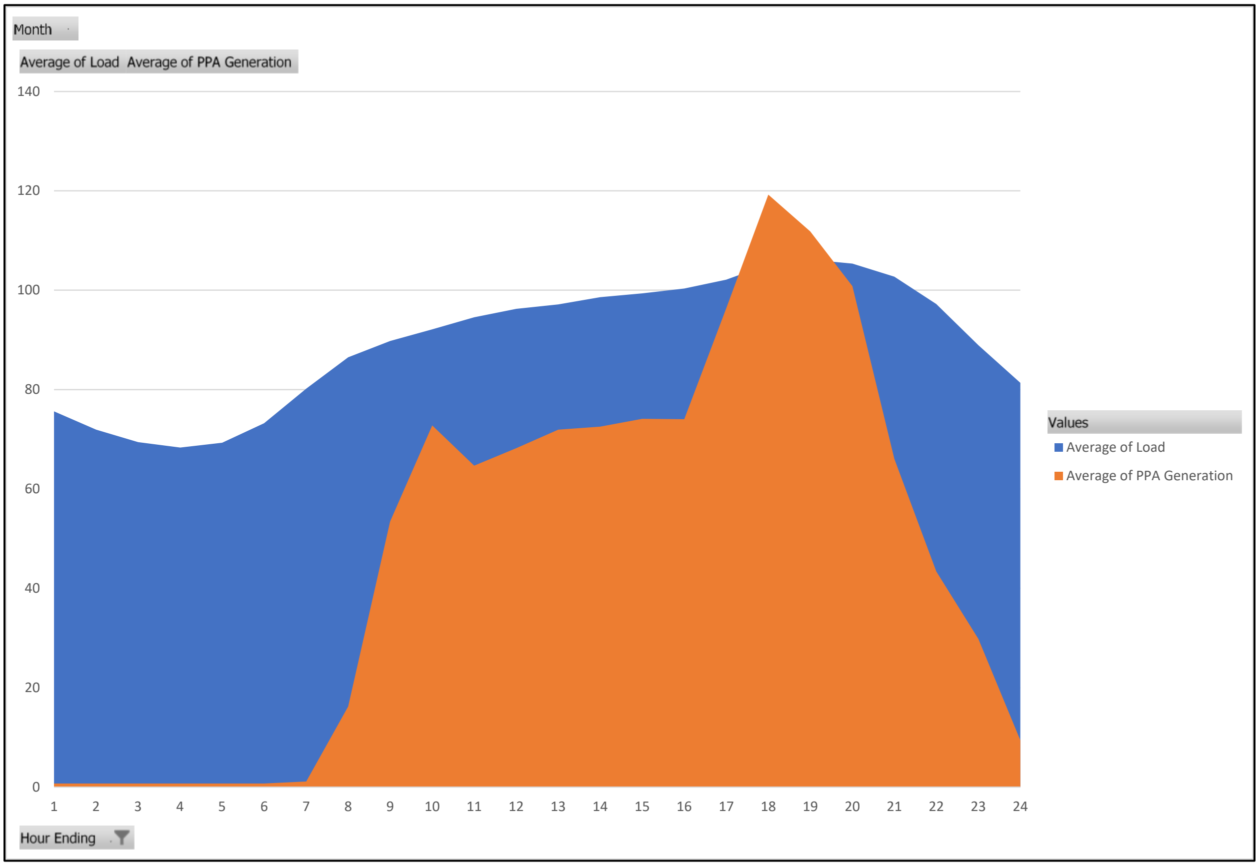
As the Board is aware, VCE has been active in negotiating long term PPAs and managing the exact date on which power begins to serve VCE's customers can fluctuate. VCE has entered into six agreements (four provide energy and RA capacity and two provide RA capacity only) and the online dates range from the 3rd quarter of 2021 through the end of 2022, totaling over 450,000 MWhs (approximately 60% of VCE's demand). The on-line timing of these projects is important since they factor into VCEs short-term procurement strategy. For reference, Figure 1 below shows general information on these projects and anticipated on-line dates.

Figure 1 – VCE Contracted Resources



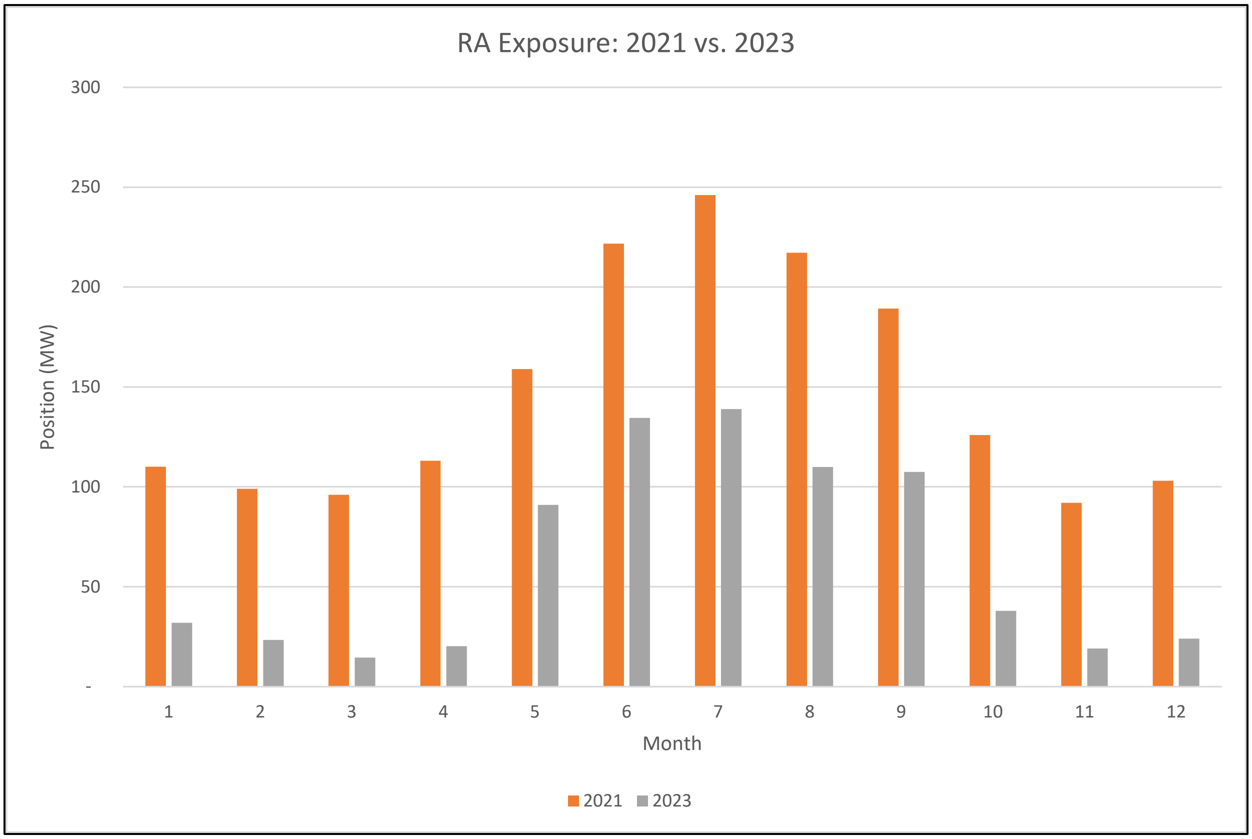
The future projects will bring price and volume (MWHs) stability. Since VCE was launched, 100% of the needed energy and capacity has been procured in the short-term market which is very typical of a newly formed CCA. The long-term agreements will reduce VCE's exposure to the market in both VCE's energy hedges and RA position. Chart 2 below illustrates VCE's average load shape as well as the anticipated output from the future PPAs that will meet this demand. Today VCE meets the demand with short term purchases and hedges against that shape. In the future, only the area not met with the PPAs will require purchases and hedges.

Chart 2 – Avg load shape and avg PPA generation



As mentioned in this report and prior reports to the Board, RA pricing has been volatile and at times difficult to procure. For 2021, VCE has procured volumes to meet the exposure shown below in Chart 3 (orange bars). Going -forward, VCE will only need to procure to the “grey” bars which is significantly less as a result of the PPAs coming on-line. Although there are still “short” positions in 2023, this will be roughly 50% of 2021. In addition, the amount procured through VCE’s PPAs is approximately 20% less than current pricing.

Chart 3 – RA exposure 2021 vs 2023



Power Content Policy Strategy – Alignment with RPS Compliance Requirements

All California Load Serving Entities (LSEs), including VCE, are required to meet minimum levels of renewable content in their respective portfolios. This Renewables Portfolio Standard (RPS) is measured as an average percentage over a 4-year compliance period. The current compliance period runs from 2021 through the end of 2024 and requires an average of 40% renewable content. Because VCE's larger long-term PPAs will come on-line half-way through the current compliance period, it allows for procurement of a lower amount of relatively expensive short-term renewable resources (RECs) in the first half of the compliance period.

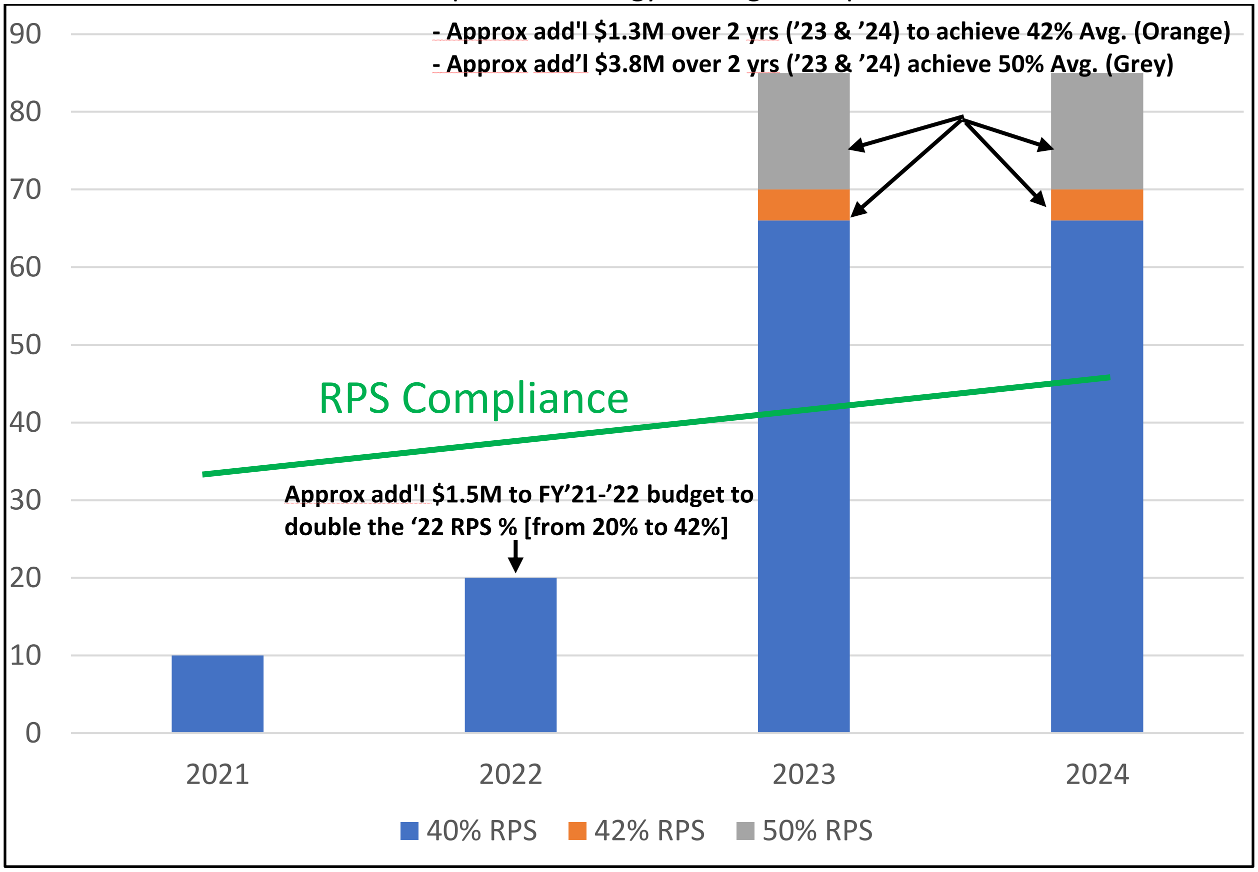
In approving the power content policy strategy last June, VCE opted to reduce the amount of short-term RECs purchased in 2021 which resulted in the cost savings outlined earlier in this report. If this fiscal mitigation strategy were to be adopted for 2022, this would require VCE to be well above the state renewable standard in years 2023 and 2024 in order to meet the targets for this compliance period ('21-'24). Chart 4 below illustrates implementation of the strategy combined with VCEs signed long-term PPA's coming on-line over this period. This is the 42% average strategy with approximately 20% renewable in 2022 and approximately 70% in years 2023 and 2024.

Policy Options

Under the strategy outlined above and shown in Chart 4, VCE would average 42% renewable content over the 21'-24' compliance period. If the Board opted to increase its renewable content target to 50%, VCE would exceed the State requirements by 10% with costs rising approximately $3.86M over the four-year compliance period.

As noted earlier in this report, staff is recommending a continuation of the near-term policy adopted by the Board last year for a lower carbon free content percentage in VCE's portfolio in 2022 while VCE's long-term renewable power purchase agreements (PPAs) come on-line over the next several years. Projected budget impacts to achieve an average of 42% and 50% over the compliance period are shown in Chart 4 below.

Chart 4 – VCE 2021-2024 RPS Compliance Strategy –% Avg RPS Options



<u>Community Advisory Committee (CAC) Feedback</u>
At the May 27, 2021 CAC meeting, staff presented the above scenarios to the CAC. A robust discussion on power portfolio content and the corresponding budgetary considerations took place and staff received valuable feedback. The below Motion was brought forward and unanimously approved by the CAC:

> *The CAC after a sobering discussion, reluctantly recommends due to fiscal prudency, that the Board follow the recommendation of Staff to continue the near-term policy of lower renewable energy credit (REC) and carbon free content purchases in 2022 with the following addition: For the 2022 year the initial RPS target is a minimum of 20% and quarterly updates are given to both the Board and CAC on the status of long-term contracts, RPS progress and budget numbers with the intent of increasing this target up to 42% if at all feasible."*

Staff is in support of the above CAC position.

VALLEY CLEAN ENERGY - OPERATING BUDGET
FISCAL YEAR 2021-2022

Description	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	TOTAL FY 2022
Electric Revenue	6,293,035	5,406,330	3,567,185	2,901,418	3,325,344	3,244,037	2,721,456	2,705,106	2,541,641	4,120,030	7,134,973	7,227,015	$ 51,187,571
Interest Revenues	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	$ 56,400
Purchased Power	6,473,870	5,690,932	4,643,717	3,697,309	3,317,457	3,620,218	4,334,060	3,785,031	3,867,086	3,734,564	4,534,747	5,511,198	$ 53,210,189
Labor & Benefits	97,567	97,567	97,567	95,625	95,625	95,625	96,677	96,677	97,640	97,640	98,010	98,010	$ 1,164,231
Salaries & Wages/Benefits	81,457	81,457	81,457	81,457	81,457	81,457	82,186	82,186	83,061	83,061	83,397	83,397	$ 986,027
Contract Labor	4,855	4,855	4,855	2,913	2,913	2,913	2,913	2,913	2,913	2,913	2,913	2,913	$ 40,778
Human Resources & Payroll	11,256	11,256	11,256	11,256	11,256	11,256	11,579	11,579	11,666	11,666	11,700	11,700	$ 137,427
Office Supplies & Other Expenses	15,704	15,704	15,704	15,704	15,704	15,704	15,704	15,704	15,704	15,704	15,704	20,180	$ 192,923
Technology Costs	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	7,312	$ 38,509
Office Supplies	192	192	192	192	192	192	192	192	192	192	192	192	$ 2,304
Travel	508	508	508	508	508	508	508	508	508	508	508	508	$ 6,096
CalCCA Dues	10,351	10,351	10,351	10,351	10,351	10,351	10,351	10,351	10,351	10,351	10,351	10,351	$ 124,214
CC Power	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	$ 20,000
Memberships	150	150	150	150	150	150	150	150	150	150	150	150	$ 1,800
Contractual Services	213,761	209,617	222,560	278,889	226,529	217,640	206,591	203,396	206,472	206,170	198,761	200,262	$ 2,590,650
Other Contract Services	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	$ 24,000
Don Dame	833	833	833	833	833	833	833	833	833	833	833	833	$ 10,000
SMUD - Credit Support	36,833	46,798	59,658	68,647	63,494	54,546	43,459	40,226	43,264	42,925	35,478	36,941	$ 572,269
SMUD - Wholesale Energy Services	48,831	48,831	48,831	48,831	48,831	48,831	48,831	48,831	48,831	48,831	48,831	48,831	$ 585,972
SMUD - Call Center	65,440	65,515	65,597	65,659	65,731	65,790	65,827	65,865	65,903	65,941	65,979	66,017	$ 789,264
SMUD - Operating Services	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	$ 60,000
Commercial Legal Support	-	-	-	-	-	-	-	-	-	-	-	-	$ -
Legal General Counsel	12,608	12,608	12,608	12,608	12,608	12,608	12,608	12,608	12,608	12,608	12,608	12,608	$ 151,290
Regulatory Counsel	16,222	16,222	16,222	16,222	16,222	16,222	16,222	16,222	16,222	16,222	16,222	16,222	$ 194,660
Joint CCA Regulatory counsel	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	$ 31,519
Legislative - (Lobbiest)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	$ 60,000
Accounting Services	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	$ 25,215
Financial Consultant	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	$ 25,000
Audit Fees	14,183	-	-	47,278	-	-	-	-	-	-	-	-	$ 61,462
Marketing	19,473	19,498	19,509	19,521	19,533	19,545	20,165	20,367	20,569	20,770	20,972	21,174	$ 241,097
Marketing Collateral	18,961	18,972	18,984	18,996	19,008	19,019	19,640	19,842	20,044	20,245	20,447	20,649	$ 234,806
Community Engagement Activities & Sponsorships	513	525	525	525	525	525	525	525	525	525	525	525	$ 6,291
Programs	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	$ 135,000
Program Costs	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	$ 135,000
Rents & Leases	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	$ 24,120
Hunt Boyer Mansion	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	$ 24,120
Other A&G	33,993	34,005	34,018	34,030	34,043	34,056	30,252	30,469	30,686	30,903	31,120	31,337	$ 388,911
Development - New Members	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	$ 24,000
Strategic Plan Implementation	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	$ 75,000
PG&E Data Fees	24,993	25,006	25,019	25,031	25,044	25,056	21,252	21,469	21,687	21,903	22,121	22,338	$ 280,919
Insurance	644	644	644	644	644	644	644	644	644	644	644	644	$ 7,731
Banking Fees	105	105	105	105	105	105	105	105	105	105	105	105	$ 1,261
Miscellaneous Operating Expenses	537	537	537	537	537	537	537	537	537	537	537	548	$ 6,453
Contingency	10,907	10,783	11,172	12,804	11,233	10,967	10,553	10,464	10,591	10,589	10,384	10,570	$ 131,019
TOTAL OPERATING EXPENSES	6,879,073	6,091,903	5,058,044	4,167,680	3,733,921	4,027,552	4,727,799	4,175,904	4,262,545	4,130,137	4,923,496	5,906,538	$ 58,084,594
Interest on RCB loan	4,018	4,051	3,950	3,724	3,747	3,528	3,443	3,019	3,241	3,038	3,038	2,842	$ 41,640
NET INCOME	(585,356)	(684,924)	(1,490,109)	(1,265,286)	(407,625)	(782,343)	(2,005,086)	(1,469,117)	(1,719,445)	(8,445)	2,213,139	1,322,335	$ (6,882,263)

RESOLUTION NO. 2021-____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE OPERATING BUDGET FOR FISCAL YEAR 2021-2022

WHEREAS, the VCE Operating Budget Option 1 for Fiscal year 2021-2022 includes Operating Revenues totaling $51.2M and purchased power and other operating expenses, totaling $58.1M;

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the Operating Budget Option 1 for Fiscal Year 2021-2022.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Dan Carson, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Rebecca Boyles, Director of Customer Care and Marketing
Tessa Tobar, Program and Community Engagement Specialist

SUBJECT: Valley Clean Energy's Program Design and Review Process

DATE: June 10, 2021

RECOMMENDATIONS

1. Adoption of VCE's 3-Year Programs Plan, including the process by which programs are selected by VCE for implementation.
2. Approve Demand Response and Free Thermostat for Residential Customers pilot program.

OVERVIEW

The purpose of this report and agenda item is to seek adoption of VCE's 3-Year Programs Plan, which is designed to guide VCE's program development and implementation over the next three years. Staff is also seeking adoption of the process by which program concepts are chosen for implementation, including the draft Preliminary Program Design/Implementation Forms. Staff is also recommending approval of the Demand Response and Free Thermostat for Residential Customers pilot program.

Once the draft Programs Plan and program selection process are adopted, staff will return at a subsequent meeting with completed Preliminary Design/Implementation Forms for program concepts that have scored high on the Program Design Criteria, and are proposed for implementation within the next year. Staff will provide an update to the 3-Year Programs Plan annually. Since program opportunities sometimes arise outside of the timing of the annual planning process, staff may submit Preliminary Program Design/Implementation Forms for program concepts outside of the regularly scheduled annual updates.

BACKGROUND

At the Community Advisory Committee's (CAC) May 27, 2021 meeting, VCE's 3-Year Programs Plan was reviewed, including the draft Plan and its phases and strategies. The CAC also discussed the process program concepts would go through on their way to potential implementation and the draft Preliminary Design/Implementation Forms. The CAC unanimously recommended that the Board adopt the 3-Year Programs Plan, including the process by which programs are selected by VCE for implementation. This was the second conversation with the CAC on the Plan; staff presented the 3-Year Programs Plan outline to the CAC at their March meeting, providing two opportunities for substantive feedback and public comment on the structure and direction of the draft Plan.

The CAC provided feedback that staff will, or already has, adopted including: a recommendation to remain abreast of PG&E's programs offerings, potentially encouraging participation in PG&E programs where there is no program overlap; offers by two CAC members to assist with grant applications to increase programs resources; and the request for detailed information regarding program eligibility, demographics, and impact on environmental justice to be included in the Preliminary Design/Implementation Forms when they are submitted to the CAC and the Board.

PROPOSED PROGRAMS PLANNING AND IMPLEMENTATION PROCESS

The Programs Task Group (PTG) of the CAC met with staff eight times (twice the regular cadence), between March and May to develop and review the process by which programs are proposed and advanced toward implementation. Staff and the PTG felt strongly about developing a systematic approach to the programs planning process to identify the highest value programs that could realistically be implemented by VCE in a reasonable amount of time. Additionally, staff and the PTG designed an evaluation system that can be repeated in subsequent years. To that end, the following process is proposed:

- **3-Year Programs Plan** adopted by the Board of Directors
- Potential programs are run through the **Program Design Criteria** (descriptions in Attachment B) and each program concept is ranked as to how well it meets the weighted evaluation criteria.
- Staff determines the highest-ranked program(s) recommended for implementation in the next fiscal year (Note: many programs will be multi-year or on-going).
- Consistent with the **Programs Plan** phasing strategy (Section IV.2. in the 3-Year Programs Plan) staff develops **Preliminary Program Design/Implementation Forms** for proposed program(s) in Phases 1 and 2 with program details including customer eligibility, marketing, education and outreach (ME+O) strategy, and estimated budget and staff time impact.
- For programs in Phase 1 or 2 with completed **Preliminary Design/Implementation Forms**, staff will seek a recommendation from the CAC and return to the Board for action on individual programs on an annual basis, or as program opportunities arise throughout the year.
- Staff will evaluate and report on program performance on an annual basis, and modify programs as needed.

3-YEAR PROGRAMS PLAN

The 3-Year Programs Plan was developed as a roadmap for program implementation. Main elements include:

- Executive Summary
- Background
- Current Programs Overview
- VCE's Commitment to Environmental Justice
- Program Strategies and Goals Addressed
- Community Reinvestment
- Evaluation Plan
- Summary of Phases

- Phase 1: *Ongoing or to be initiated within the next year*
  - Phase 2: *Potential to be initiated within one to three years*
  - Phase 3: *No defined start date for action, likely longer than two years*
- Program Strategy One: *Promote the Electrification of Transportation, Residential and Commercial Buildings, and Agricultural Operations*
- Program Strategy Two: *Encourage and Incentivize Energy Efficiency, Demand Response Flexibility, and Resiliency*

It should be noted that Program Phases denote how close to implementation the programs are (whether funding is easily and quickly available; how far along is staff on any contracts that need to be signed, etc.). Program Phases do not denote program priority, and programs in Phases 2 and 3 may be advanced as clarity around funding and implementation becomes available. Note: A full update of the 3-Year Programs Plan would take place in 2024.

PROGRAMS DESIGN CRITERIA AND DECISION-MAKING

The Programs Design Criteria Framework included in the Plan was developed after researching decision support systems employed by other CCAs including Sonoma Clean Power, MCE and Central Coast Community Energy. Like the other CCAs, VCE's approach to program design and implementation includes a decision-making process that ranks programs for implementation based on their alignment with VCE's Vision, Mission and Strategic Plan goals. Additionally, the Criteria consider the financial and staff resources available (or anticipated to be available), to successfully implement the program.

Alignment with VCE's Strategic Plan is the criteria with the highest weight, meaning that programs demonstrating high alignment with the goals laid out in VCE's Strategic Plan will rank higher in the consideration of program implementation. Staff and the PTG concluded that the Strategic Plan goals were an effective proxy for VCE's overall goals, capturing elements such as customer/community, environmental, and equity benefits that a particular program may deliver. Staff and the PTG originally started with nine criteria with which to evaluate VCE programs, influenced by sister CCAs' programs review processes. After VCE staff review and further feedback from the PTG, the criteria list was reduced to three to simplify the selection process (criteria defined in Attachment 2):

- **Availability of Funds** (25%)
- **Staff Time** (25%); and
- **Strategic Plan Alignment** (50%), with nested criteria:
  - Potential to reduce GHG emissions
  - Customer satisfaction
  - Addresses Environmental Justice
  - Regulatory and legislative alignment
  - Strategic partnerships

Over the past 2 months, staff and the PTG have worked to finalize the draft Program Design Criteria and review scoring of potential programs. Considerable time and care were taken in the final review of the draft Program Design Criteria, as it is the main tool for decision-making, determining which programs will go forward to the implementation phase. Staff and the PTG then evaluated the programs in Phases 1 and 2 (phases closer to implementation) and ran them through the draft Program Design Criteria framework. Staff ran multiple scenarios, testing weights and scores of programs, and reviewed the findings with the PTG to calibrate the final draft Program Design Criteria.

PROGRAM PRELIMINARY DESIGN/IMPLEMENTATION

Over the past year, staff worked together with the PTG to identify potential programs by researching programs offered by other CCAs, the investor-owned utilities, and analyzing potential funding sources. After compiling a list, staff and the PTG vetted the program concepts for suitability in meeting the unique needs of customers in VCE's territory, and in aligning with the climate goals of VCE's member jurisdictions. These program concepts were then assigned a phase according to how likely they were to be implemented within the three-year time horizon of the Plan based on available funding and ease of implementation (Phase 1 being the soonest, then Phase 2; Phase 3 programs are only in the conceptual phase).

Phase 1 and Phase 2 program concepts were then run through the draft Design Criteria to decide which were most closely aligned with VCE's goals. After running the set of program concepts through the draft Design Criteria, three program concepts rose to the top of the rankings: Electric Vehicle (EV) Rebates for Lower-income Customers, Auto-Demand Response (AutoDR) with Agricultural Customers, and Demand Response and Free Thermostats for Residential Customers.

These three programs scored relatively high due to their general alignment with Strategic Plan goals, relative ease of implementation (e.g. already being done by other CCAs and/or successfully piloted), and the potential for outside funding to supplement VCE program funding. Staff will continue to advance the three programs noted above since work is ongoing and they can be incorporated into the 3-Year Programs Plan if adopted.

<u>PILOT PROGRAM: DEMAND RESPONSE AND FREE THERMOSTAT FOR RESIDENTIAL CUSTOMERS</u>

This program concept would involve VCE staff working in partnership with OhmConnect in a pilot program to provide free smart thermostats to customers and encourage participation in OhmConnect's existing demand response platform. OhmConnect received a $3M grant from the California Energy Commission in April to execute this type of demand response program as part of the State's efforts to avoid heat-related power outages this summer. Participating VCE customers would receive a free thermostat (or other smart device) and would accrue financial rewards based on participating in load reduction events. VCE's role would primarily be marketing and outreach for program recruitment and event days.

As designed and detailed in the attached Preliminary Program Design/Implementation Form (Attachment 3), the pilot program will have negligible direct fiscal impact because it would not require any funds from the Programs Budget. OhmConnect would draft all marketing and outreach materials, and VCE staff would edit as desired and send to customers, as well as reach out to city and county officials with whom to potentially partner in this effort. OhmConnect manages the delivery, maintenance, and technical support for the smart devices. Staff is recommending approval of this pilot program to respond to the need for load shed programs ahead of summer 2021, as encouraged by the State. Additionally, it offers VCE a low-cost opportunity to test and evaluate its capacity to execute a demand response program in its service territory. Based on the performance of the pilot program, staff may seek Board approval at a later date to expand program participation as staff resources allow. There would be some impact on staff time to implement the pilot program; however, OhmConnect has partnered with other CCAs to run similar programs and has a reputation for being a reliable, organized program partner that works effectively with resource constrained CCAs.

The goal of the pilot program is to recruit 300 VCE residential customer participants with the number of thermostats installed and kWh of load shed as a result of program participation being the key metrics used to measure program performance. The pilot program is anticipated to run through the end of 2021.

FISCAL IMPACT
There is no direct fiscal impact associated with the recommended action. Staff will provide potential fiscal impacts in Program Preliminary Design/Implementation Forms for each program when brough back to the Board for consideration.

CONCLUSION
Staff is recommending that the Board of Directors adopt the draft 3-Year Programs Plan, including the proposed programs design and review process. Staff is also recommending approval of the Demand Response and Free Thermostat for Residential Customers Pilot program.

Attachments
1. Draft 3-Year Programs Plan
2. Draft Program Design Criteria Descriptions
3. Preliminary Program Design/Implementation Form: Demand Response and Free Thermostat for Residential Customers Pilot

Valley Clean Energy

3-Year Programs Plan

June 2021 – June 2024

May 27, 2021

TABLE OF CONTENTS

EXECUTIVE SUMMARY

In 2020, Valley Clean Energy (VCE) crafted a Strategic Plan to better guide its organizational mission, vision, and strategies. The plan was adopted by the Board of Directors after significant feedback from the VCE Board, consultants, the Community Advisory Committee (CAC), and staff. The Strategic Plan lays out six goals and 32 objectives, and these goals are meant to guide VCE staff, the board, and the CAC in planning and decision-making for the next three years.

This Programs Plan is intended to complement VCE's Strategic Plan, to provide more details on programs to be developed over the next three years to support VCE's member communities. To accompany the Programs Plan, tasks will be tracked in a project management system so that the team can connect the strategic vision with their day-to-day tasks.

The Programs Plan focuses on two main strategies; to:

1) Promote the electrification of transportation, residential and commercial buildings, and agricultural operations.
2) Encourage and incentivize energy efficiency, demand response flexibility, and resiliency.

These strategies and goals will guide the development, deployment, and evaluation of VCE programs in the coming years. In particular, the Programs Plan seeks to advance: ***Goal 3: Prioritize VCE's community benefits and increase customer satisfaction and retention*** and its corresponding Objectives 3.1. – 3.7; and ***Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety;*** and corresponding Objectives 4.1. – 4.4. For a complete listing of the relevant objectives, see Appendix 3.

To ensure operational effectiveness, and alignment with the Strategic Plan, the Programs Plan will be reviewed by the Programs Task Group, the Community Advisory Committee, and the Board of Directors prior to adoption.

I. BACKGROUND

Valley Clean Energy Alliance—or VCE—started serving customers in June 2018 and is the official electricity provider for customers in the municipalities of Woodland, Davis, Winters, and unincorporated Yolo County. VCE purchases clean electricity and PG&E delivers the electricity through their distribution system (poles and wires).

VCE is locally controlled by a Board of Directors that is comprised of elected officials from the member jurisdictions. VCE maintains program control and revenues at home, where it can create jobs and build local clean energy installations—as many other California Community Choice Aggregation programs (CCAs) have already done. Whenever possible, VCE will reinvest dollars to boost the local economy by providing dividends and programs, while fostering a clean energy future.

In the first two+ years of operation, VCE has implemented the initial phase of programs primarily focused on educating customers about electric vehicles, energy efficiency, and PG&E incentive programs. This 3-year programs plan outlines programs to be delivered to the community and customers in the coming years as well as programs under consideration.

II. CURRENT PROGRAMS OVERVIEW

VCE staff is working closely with the Community Advisory Committee (CAC), particularly the Programs Task Group, and the VCE Board to help guide program development. Based on input from the CAC and the VCE Board, and recommendations from VCE staff, initial programs will focus on both building and transportation electrification and energy efficiency. Supporting program areas will include demand response and energy storage technologies that will favorably impact Resource Adequacy (RA) costs. Electrification and energy efficiency programs will target multiple customer segments including residential, commercial, agricultural, and industrial.

Due to increases in the Power Charge Indifference Adjustment (PCIA) and Resource Adequacy costs, initial program funding has been limited. For that reason, initial activities have been focused on low-cost programs that provide education of electrification and energy efficiency. Action in future years will be scaled with available funding. Additionally, VCE staff and the Programs Task group will be identifying supplementary funding opportunities from the state, the federal government, and other sources that will support a **Programs Fund Bank** to enable VCE to implement enhanced programs.

For each program, a Preliminary Program Design/Implementation Form will be developed with budget, timing, and metrics defined. VCE Staff will bring the Design/Implementation Form to the CAC and the Board for input and budget approval. The program tasks will be input and tracked in Monday.com.

Over the next several years it is expected that the PCIA will stabilize, per customer power procurement costs will go down, and these trends will free up additional funds for reinvestment in customer programs. Other key contextual factors that inform the Programs Plan include:

- Ongoing impacts of the pandemic
- Social equity challenges, particularly in light of COVID-19 related economic turmoil
- The climate crisis and member jurisdictions' increasingly robust Climate Action Plans, which include energy and EV elements related to VCE operations
- Innovative program models being advanced by other CCAs
- Potential grant funding opportunities and public/private partnerships.

III. KEY CONSIDERATIONS IN PLAN DEVELOPMENT

1. VCE'S COMMITMENT TO ENVIRONMENTAL JUSTICE

VCE is committed to promoting equitable outcomes for all customers, including vulnerable, low-income, and disadvantaged communities and communities of color. VCE is prioritizing equity and environmental justice in its programs by ensuring that rates for all customers remain affordable and competitive and that all qualifying low-income customers are fully enrolled in CARE rates and other discount programs and incentives.

On October 10, 2020, the Board of Directors unanimously approved VCE's Statement on Environmental Justice. The Statement is posted to VCE's web site at: Valley Clean Energy's Draft Statement on Environmental Justice.

Consistent the Statement, VCE will continue to explicitly integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs – to ensure *all* of our customers are well served.

To this end, VCE has been an active member of CalCCA's Equity Committee, which shares best practices for CCA programs, community engagement, and internal policies that focus on environmental justice and prioritize equitable outcomes for all customers.I In an effort to highlight which VCE programs have been curated with an enhanced emphasis on environmental justice, look for the VCE Environmental Justice badge under **PROGRAM STRATEGY ONE** and **TWO**.

2. COMMUNITY REINVESTMENT

The opportunity for community reinvestment is one of several universal benefits associated with forming a CCA program. CCAs are in a unique position to promote equitable access to and significant local participation in decisions related to the energy sector. In addition to the two main program strategies, VCE places a priority on reinvestment in the communities it serves. The two main programs VCE currently has in place that are focused on this priority are the Customer Dividend and NEM Donation programs described below.

- The **NEM (Net Energy Metering) Donation** program launched in January 2021. NEM customers are given the option to donate any credits they have from excess electricity generation to local charities. Upon launch, customers with over $100 in their credit balance were eligible to participate. VCE is evaluating changing the program to allow NEM customers with less than $100 in credits to participate.

- The VCE **Customer Dividend Program** is designed to reward VCE customers by sharing the benefits of VCE's positive financial performance after specific financial targets have been met. The dividend will be based on VCE's fiscal year net revenues determined by the VCE Board. VCE customers are automatically enrolled in the program once it becomes active. The program is not currently active.

The Programs Plan provides a foundation to establish additional programs that advance VCE's community reinvestment goals.

3. COMMUNITY ENGAGEMENT

VCE was created by and for the communities it serves. For this reason, VCE staff has begun the process of conducting stakeholder outreach to determine community priorities as it relates to VCE programs.

Generally, "Community Priorities" are unique attributes or impact areas that describe program outcomes that the public has identified as being most important. Community Priorities are one aspect of determining and identifying which programs would benefit VCE customers the most. To collect input on these priorities, VCE will conduct periodic surveys to enhance its understanding of customer and community priorities. VCE will provide links to community surveys to the VCE Board and CAC members in an effort to target the community and customer segments they represent to solicit feedback on program priorities.

This strategy aligns with the following goal and objective of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.6 ***Objective****: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.*

Furthermore, VCE intends to solicit responses by providing the surveys via VCE's social media, website, quarterly newsletter, key stakeholders, City and County officials, personal and professional connections, and diverse and/or underserved community groups.

IV. PLAN ORGANIZATION

1. PROGRAM STRATEGIES

The Programs Plan is organized around two basic program strategies that guide action and investment over the next three years:

1) Promote the electrification of transportation, residential and commercial buildings, and agricultural operations; and

2) Encourage and incentivize energy efficiency, demand response flexibility, and resiliency. These general strategies provide a frame for the types of programs that VCE will be focused on over the next several years.

2. PROGRAM PHASING

Program Phasing provides a set of factors that VCE will use to make high level evaluations of potential programs. Three Phases are established that help group potential programs by degree of readiness, availability of resources for implementation, and impact. The Program Phasing system is shown in Table 1 below.

Table 1 – Program Phasing System

Phase 1	Phase 2	Phase 3
Ongoing or to be initiated within the next year. 1. Achievable in the near-term. 2. Funding and other resources are available. 3. Building the foundation for ongoing a future project.	To be initiated within one to three years. 1. Anticipated, yet not immediate, deadline. 2. Funding requirements to be determined and funding sources identified or in development. 3. Necessary for planning and development of long-term actions.	No defined start date, likely longer than two years. 1. In the conceptual phase. 2. Additional information needed to inform an operational plan. 3. Funding not yet available.

The initial set of potential programs identified by VCE have been evaluated using the Program Phasing system outlined in Table 1 and are listed below. Each potential program is identified as either Program Strategy 1 (PS1) or Program Strategy 2 (PS2) and is described further in Appendix 1.

Phase 1 Programs: *Ongoing or to be initiated within the next year*

1. Maintain and Enhance EV Educational Resources *(PS1)*;
2. Deployment and Promotion of Electric Vehicle Charging Stations (EVCS) *(PS1)*;
3. Maintain and Enhance Educational Energy Efficiency Resources *(PS2);*

Phase 2 Programs: *Potential to be initiated within one to three years*

1. Agricultural Auto-Demand Response *(PS2);*
2. Demand Response and Free Thermostat for Residential Customers *(PS2);*
3. Agricultural Electrification *(PS1)*;
4. Promote Dual Fuel Heat Pumps for Space Conditioning *(PS1);*
5. All Electric Awards Residential and Commercial Program *(PS1);*
6. Electric Vehicle Rebates for Lower-income Customers *(PS1)*;
7. Provide Information on Self-Generation Incentive Program (SGIP) *(PS2);*

Phase 3 Programs: *No defined start date for action, likely longer than two years*

1. Electric Vehicle Ride and Drive Events in VCE Territory *(PS1)*;
2. Promote Induction Cooking as a Healthier, Climate-Friendly Alternative to Fossil Gas *(PS1)*;
3. Disadvantaged Communities Green Tariff Program (DAC/GT) *(PS1);*
4. Increase DC Fast Charger Deployment *(PS1)*;
5. Expansion of Charging for Multifamily Apartments *(PS1);*
6. Develop a Residential and Commercial Battery Storage Program *(PS2);*

3. Program Preliminary Design/Implementation Form

All Phase 1 and certain Phase 2 programs with a high degree of readiness, availability of resources for implementation, and/or impact will be further analyzed using the Program Preliminary Design/Implementation Form. The Form is designed to provide the level of detail necessary for VCE to make an informed decision on the feasibility of implementation and priority of a particular program. A sample Program Preliminary Design/Implementation Form is included as Appendix 2.

V. PLAN/PROGRAMS EVALUATION

A Plan evaluation report will be completed annually with outcomes and recommendations presented to the Board.

The programs selected for implementation will be evaluated annually. The evaluation will include recommendations for program improvements including adjustments to future year goals, budgets, marketing plans, and other recommendations to improve program performance and customer satisfaction. On a more regular basis VCE staff and the PTG will reassess opportunities and feasibility of programs listed under the Phases one, two and three based on community feedback, budget, and VCE Board and CAC feedback. Metrics to assess program performance and strategies for collecting feedback from program participants will be incorporated into each Program Preliminary Design/Implementation Form. Underperforming programs will be evaluated for improvement or early cessation.

PROGRAM STRATEGY ONE *(PS1)*

Promote the Electrification of Transportation, Residential and Commercial Buildings, and Agricultural Operations

This strategy aligns with the following goals and objectives of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.2 ***Objective:*** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*

3.5 ***Objective:*** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

Goal 4. *Promote and deploy decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.*

4.1 ***Objective:*** *Working with variety of local, regional, and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.*

Phase 1 Programs:

Maintain and Enhance EV Educational Resources

Project: VCE offers educational resources and access to third party incentives to help customers switch to driving an EV, including information on: EV Benefits, EV Facts, Savings Calculator, CO2 Reduction Calculator, EV Model Options (and comparison tool), EV Credits and Rebates, and a Charger Locator.

Status: Tools and materials currently available on https://valleycleanenergy.org/electric-vehicles/.

Metric: Number of unique visits and engagement time on website.

Goal: 200 unique visits and an average of 2 minutes spent on the website and subsequent tools.

Timeframe: Launched December 2019. Program is ongoing.

Deployment and Promotion of Electric Vehicle Charging Stations (EVCS)

Project: VCE was awarded a $2.9M grant from the Sacramento Area of Council of Governments (SACOG) for installation of electric vehicle charging infrastructure and mobility hubs in Yolo County in partnership with the cities of Davis, Woodland, Winters, and unincorporated Yolo County.

Status: VCE has finalized MOUs with the City of Davis and Winters for installation of the EV Charging Stations. All projects are expected to be fully installed by 2022.

Metric: Number of EV chargers installed throughout jurisdiction.

Goal: 45 EV chargers installed.

Timeframe: Grant awarded 2019. MOUs complete in 2021. Installations complete 2023.

Phase 2 Programs:

Agricultural Electrification

Project: Enable customers to access agriculture incentives for upgrading from existing fossil gas farming equipment to fuel switching farming equipment such as tractors, forklifts, diesel-powered irrigation pumps, light/heavy duty trucks, coolers/boilers and more. Consider implementation of program model from Central Coast Community Energy. A simple application process would be designed for busy ag customers in mind.

Status: VCE met with Programs Manager at Central Coast Community Energy (3CE) to discuss 3CE's recent pilot Agriculture Program (launched July 2020). Project concept has been vetted by PTG, CAC, and internal staff.

Metric: Number of ag customers/ projects and GHG emissions reduced

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: 2021-2022

Promote Dual Fuel Heat Pumps for Space Conditioning

Project: When an air conditioner reaches the end of its useful life it can be replaced with a heat pump while retaining the furnace for backup heat. The incremental cost is minimal, it avoids the need to add a 230V circuit for the indoor unit, and natural gas use for heating can be nearly eliminated. This is an affordable, low risk first step toward electrification. Phase I activities will include developing and disseminating information resources on customer and climate advantages. Late Phase I and Phase II activities will include a pilot demonstration.

Status: Under development

Metric: Number of air conditioners replaced annually and GHG reductions

Goal: Five pilot project sites by end of 2021 or early 2022, launch program in 2022.
Feasibility: No technical barriers, strong likelihood of success
Timeframe: 2021-2022

All Electric Awards Residential and Commercial Program

Project: VCE staff conducted preliminary research on an "All Electric Awards Program" for residential and commercial customers, similar to Silicon Valley Clean Energy (SVCE). VCE is considering showcasing all electric homes, businesses, or gas-to-electric conversions on the VCE website under Programs to inspire and educate VCE customers.
Status: In concept development
Metric: Number of homes and businesses highlighted on VCE website.
Goal: 10
Timeframe: 2021-2022

Electric Vehicle Rebates for Lower-Income Customers

Project: Develop program infrastructure and disburse rebates for Electric Vehicles to income-qualifying customers for a limited time (approx. 3 months)
Status: Draft Preliminary Program Design/Implementation Form
Metric: Number of EVs procured with rebates.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD but likely to begin program implementation by August 2021

ENVIRONMENTAL JUSTICE

Phase 3 Programs:

Electric Vehicle Ride and Drive Events in VCE Territory

Project: Develop relationships with Ride and Drive event producers, local EV drivers, and car dealerships to host a free Ride and Drive event to promote the adoption of EVs in the VCE service territory.
Status: Concept in development. Proposal will be requested from at least two Ride and Drive event producers.
Metric: Number of Ride and Drive participants. Number of EVs purchased within six months of participating in Ride and Drive (if data is available – will depend on program investment level and event producer. Historic average is 12% of Ride and Drive event attendees purchase an EV within six months of the event.)

Goal: X event participants per Ride and Drive event. X events per year. X % of attendees procure an EV within six months.
Feasibility: High likelihood of implementation once conditions allow
Timeframe: TBD

<u>Promote Induction Cooking as a Healthier, Climate-Friendly Alternative to Fossil Gas</u>
Project: Enable customers to access electric induction stove incentives for upgrading from existing fossil gas cooktops and for new construction and kitchen remodels. Consider implementation of program model from Sonoma Clean Power which includes access to loaner induction cooktops.
Status: Currently outreaching to Building Decarbonization Coalition, partner CCAs, and PG&E to create VCE-specific program plan.
Metric: Number of induction stove tops provided to VCE customers on a loan/rental basis. Number of induction stove incentives provided.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD

<u>Disadvantaged Communities Green Tariff Program (DAC/GT)</u>
Project: This California Public Utilities Commission program enables income-qualified residential customers who live in disadvantaged communities (DACs, as defined in the State's CalEnviroScreen tool) to benefit from utility-scale clean energy and receive a 20% bill discount. Since this discount "stacks" with others, participants on the CARE program could receive close to a 50% total bill discount. Several CCAs are participating in this program. While VCE has a small number of customers that would qualify, savings could be substantial.
Status: Currently evaluating the feasibility of participation.
Metric: Number of customers served. Value of discounts received.
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

<u>Increase DC Fast Charger Deployment</u>
Project: Identify potential sites for DC Fast Charge stations in each VCE jurisdiction. Release a Request for Interest (RFI) to EVSE vendors to promote increased DCFC deployment. Identify and win grant funding that could leverage additional private investment in DC Fast Chargers.
Status: In concept development

Metric: Number of DC Fast Chargers installed.
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

Expansion of EV Charging for Multifamily Apartments

Project: Develop incentive program and technical resources to multifamily property owners to increase EV Charging access for apartment residents.
Status: In concept phase
Metric: TBD
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

///End of Strategy One\\\

PROGRAM STRATEGY TWO *(PS2)*

Encourage and Incentivize Energy Efficiency, Demand Response Flexibility, and Resiliency

This strategy aligns with the following goals and objectives of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.2 ***Objective:*** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*

3.5 ***Objective:*** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

Goal 4. *Promote and deploy decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.*

4.1 ***Objective:*** *Working with variety of local, regional, and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.*

Phase 1 Programs:

Maintain and Enhance Educational Energy Efficiency Resources

Project: This currently operating program provides Energy Efficiency information on the VCE website – enabling residential customers to learn about smart home improvements that save energy, reduce carbon, and save money. The site links to state, federal, and PG&E rebates, and incentives – with updates provided on a regular basis.

Status: Site is regularly promoted on VCE social media.

Metric: Number of unique visits and engagement time on site. Number of inquiries from Call Center. Number and value of rebates.

Goal: 200 unique visits annually. Average of two minutes spent on the website.

Timeframe: Launched June 2020. Program is ongoing.

Phase 2 Programs:

Provide Information on Self-Generation Incentive Program (SGIP)

Project: VCE staff conducted preliminary research on Self Generation Incentive Program (SGIP) with PG&E and Sonoma Clean Power. VCE has procured lists of residential and commercial customers eligible for SGIP grant money. VCE is considering providing information on SGIP on the VCE website under Programs. In addition, VCE is considering conducting outreach to eligible customers and/or providing application assistance, similar to SCP.

Status: Currently outreaching to SMUD, partner CCAs, and PG&E to create VCE-specific program plan.

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: TBD

Agricultural Auto-Demand Response

Project: Provide assistance to agricultural customers to integrate irrigation pumping operations into Demand Response and other grid service programs to reduce energy costs for customers and VCE

Status: Program design and scope exploration ongoing with Polaris Energy Services

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: TBD

Demand Response and Free Thermostat for Residential Customers

Project: Engage customers to enroll in OhmConnect's free program and receive a free smart thermostat as part of their enrollment. Smart devices integrate with OhmConnect's platform and are deployed during energy saving events. Customers earn points by successfully participating in the events (shifting load), and the points are redeemable as cash or usable in OhmConnect's store to purchase more smart devices for the home.

Status: Program design and scope exploration ongoing with OhmConnect

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD, but likely to deploy prior to August 2021

Phase 3 Programs:

Develop a Residential and Commercial Battery Storage Program

Project: Develop a residential and commercial battery storage program to enhance resilience for customers and reduce the impact of Public Safety Power Shutoff (PSPS) events.
Status: In concept development
Metric: TBD
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

///End of Strategy Two\\\

APPENDIX 1: ACRONYMS

CARE - California Alternate Rates for Energy

DAC/GT – Disadvantaged Communities Green Tariff

EV – Electric Vehicle

EVCS - Electric Vehicle Charging Stations

EVSE – Electric Vehicle Supply Equipment

FERA - Family Electric Rate Assistance

FY – Fiscal Year (July – June)

GHG – Greenhouse Gases

JPA – Joint Powers Authority

NEM – Net Energy Metering

PG&E – Pacific Gas and Electric

PTG – Programs Task Group

PSPS – Public Safety Power Shutoff

RA – Resource Adequacy

SCP – Sonoma Clean Power

SGIP – Self Generation Incentive Program

SVCE – Silicon Valley Clean Energy

VCE – Valley Clean Energy

APPENDIX 2: VALLEY CLEAN ENERGY STRATEGIC PLAN GOALS RELATED TO PROGRAMS

C) CUSTOMERS AND COMMUNITY

VCE is a customer and community focused organization. We will use all available channels and platforms to cultivate relationships with and bring customer value to all segments of the communities we serve – including those that have been historically underserved/under resourced. These channels include leveraging existing outlets established by our member agencies, partnering with commercial customers to enhance their community presence, and re-engaging with those who have opted out. Partnerships with commercial and agricultural customers are particularly important to building VCE's brand in a region rooted in food production and innovation. Communicating our competitive rates and product and service benefits in clear and accessible ways will strengthen customer loyalty and enhance our financial standing, enabling us to better serve our communities.

Goal 3: Prioritize VCE's community benefits and increase customer satisfaction and retention.

3.1 Objective: Develop engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.

3.2 Objective: Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.

3.3 Objective: Design and implement a strategy to more effectively engage local business and agricultural customers.

3.4 Objective: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE's service territory.

3.5 Objective: Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.

3.6 Objective: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.

3.7 Objective: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

D) DECARBONIZATION AND GRID INNOVATION

One of the key factors driving the formation of VCE was to address climate change and improve local resiliency. We will play a vital role in this decades-long endeavor, with the ongoing support of our community and our Board. In addition to providing carbon-free electricity, we are reinvesting in our region and expanding our toolset for furthering emissions reductions and energy resiliency by launching decarbonization and grid innovation programs. These programs represent the next stage in VCE's maturity and are the mechanism by which VCE will further engage our communities to achieve our mission. We will leverage partnerships, prioritize innovation and use data science to manage and influence carbon-free energy use. We will embody the entrepreneurial and innovative spirit of the community in which we live and work, the spirit of Yolo County, to bend the carbon curve downwards and improve the lives of our community members.

Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

4.1 Objective: Working with a variety of local, regional and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.
4.2 Objective: Develop a VCE decarbonization roadmap to guide near and long-term program decisions and offerings.
4.3 Objective: Increase participation in VCE's UltraGreen 100% renewable product.
4.4. Objective: Identify external funding sources to support decarbonization and grid-related programs and initiatives.

Program Design Criteria Descriptions

1. **Availability of Funds**
   a. Money available in programs budget, leveraging supplementary funding, grants, etc.
2. **Amount of Staff Time**
   a. Estimated amount of staff time required, consultant needs, etc. to implement and manage the program on an ongoing basis
3. **Strategic Plan Alignment**
   a. Reduces GHG Emissions
      i. Potential to reduce GHG emissions
   b. Customer Satisfaction
      i. Addresses priorities ranked as important from customers as measured by the customer programs survey , estimated customer money/energy savings and overall satisfaction with the program
   c. Addresses Environmental Justice
      i. Addresses the needs of the underserved, underprivileged and/or low income customers
   d. Regulatory & Legislative Goals Alignment
      i. Aligns with VCE's Strategic Plan reg/leg goals as well as statewide initiatives, e.g. load shed in advance of summer 2021)
   e. Strategic Partnerships
      i. Potential level of collaboration with local organizations; furthers VCE programs reach due to combining efforts with mission-aligned organizations and partners

Program Preliminary Design/Implementation Form

Program Concept: Demand Response and Free Thermostat for Residential Customers Pilot

Date: June 4th, 2021

Staff Resources and Support:
Assigned Program Manager: Rebecca Boyles
Programs Task Group members: Marsha Baird, David Springer
Consultant/Partner name: OhmConnect

Scope: VCE staff works with OhmConnect to recruit program participation in OhmConnect's existing demand response platform. Customers receive a free thermostat (or other smart device, if they already have a smart thermostat) in exchange for participating in load reduction event days. Customers earn rewards that can be exchanged for cash or other smart devices in OhmConnect's store. VCE's role is primarily marketing, education and outreach for program recruitment and event participation. VCE will also conduct outreach to member jurisdiction staff, in the hopes that the program could be promoted through city and county communication channels. OhmConnect is responsible for device distribution, maintenance, and technical support; and for managing support for the channels in which customers participate in event days (through a mobile app, etc.)

Timing: Target: begin ME+O in June 2021

Program Design Criteria Evaluation:

	Criteria 1	**Criteria 2**	**Criteria 3**
Criteria Type	Availability of Funds	Staff Time	Strategic Plan Alignment
Reasoning for Program Score	Scored high because this program would not use funds from Programs budget	Scored in the middle, as there will be staff time involved at the outset: editing copy, outreach to elected officials and managing outreach campaigns. Once campaign is underway, less staff time will be needed.	Scored high because of perceived customer satisfaction (free thermostat and chance for rewards for participation); ability to leverage strategic partnerships, and alignment with regulatory and legislative goals (mainly load shed during the summer).

Program Metrics and Goals:

Metrics: Number of thermostats given; kWh of load shed as a result of program participation

Goal: 300 program participants

Proposed Programs Budget:

Rev. 6/4/2021

Resource	Source	Proposed Budget	$ Remaining in Program Funds
	Programs Budget	n/a	n/a
	Total	n/a	n/a

Organizational Goals Addressed:

Alignment with VCE's Strategic Plan? **Yes**

- **Goal 3:** Prioritize VCE's community benefits and increase customer satisfaction and retention
  - **Objective 3.5:** Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings
- **Goal 4:** Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety
  - **Objective 4.4**: Identify external funding sources to support decarbonization and grid-related programs and initiatives

Program Eligibility: VCE customers; must have a SmartMeter

Marketing, Education and Outreach (ME+O) Strategy: VCE's role in the program is marketing, outreach and promotion of the program. ME+O includes emails, social media posts and working with jurisdiction leadership channels to publicize the program, recruit participants, and recruit event participation (load reduction/shed).

Board, CAC, PTG Input: TBD

Next Steps: Engage Board and CAC for feedback; integrate feedback into program planning. Finalize working agreement; roles/responsibilities with OhmConnect. Begin outreach campaign.