



**Meeting of the Valley Clean Energy Alliance  
Board of Directors  
Thursday, June 13, 2024 at 5:30 p.m.  
City of Davis Community Chambers  
23 Russell Blvd., Davis, California 95616**

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

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

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

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

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

**Join meeting via Zoom:**

- a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.  
(If your device does not have audio, please also join by phone.)**

**<https://us02web.zoom.us/j/87850407271>  
Meeting ID: 878 504 7271**

- b. By phone**

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+1-669-900-9128,, 87850407271# US  
+1-669-444-9171,, 87850407271# US**

Dial:

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**Meeting ID: 878 5040 7271**

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

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

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

### **5:30 p.m. Call to Order**

**1. Welcome / Approval of Agenda**

**2. 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**

**3. Approve May 9, 2024 Board meeting Minutes.**

**4. Receive 2024 long range calendar.**

**5. Receive financial update April 30, 2024 unaudited financial statement.**

**6. Receive June 5, 2024 regulatory update provided by Keyes & Fox.**

**7. Receive Community Advisory Committee May 23, 2024 meeting summary.**

**8. Receive final 2023 financial Audit report.**

**9. Consider support of Administration's proposed budget trailer bill language to raise statutory cap on the Energy Resources Program Account (ERPA). (Action)**

**10. Authorize Executive Officer to enter into the Third (3<sup>rd</sup>) Amendment of the renewable power purchase agreement with Leeward Renewable Energy to address changes in the commercial operation date of the Willy 9 Chap 2 facility. (Action)**

**11. Reappointment / appointment of members to the Community Advisory Committee. (Action)**

## REGULAR AGENDA

12. Receive legislative update and presentation by Pacific Policy Group. (Information)
13. Receive VCE Power Purchase Agreement prepayment presentation by PFM financial Advisors. (Information)
14. Receive Mid-Year 2024 financial update. (Information)
15. **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.
16. **Announcement/Adjournment:** The Board's next regular meeting is scheduled for Thursday, July 11, 2024 at 6 p.m. with a tour of the facility prior to starting at 5 p.m. to be held at the UC Davis – California Lighting Technology Center located at 633 Pena Drive, Davis, California 95618.

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

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

### **Verbal public participation during the meeting:**

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

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

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are

distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or [Alisa.Lembke@ValleyCleanEnergy.org](mailto:Alisa.Lembke@ValleyCleanEnergy.org). The Valley Clean Energy website is located at: <https://valleycleanenergy.org/board-meetings/>.

**VALLEY CLEAN ENERGY ALLIANCE**

**Staff Report – Item 3**

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**TO:** Board of Directors  
**FROM:** Alisa Lembke, Board Clerk / Administrative Analyst  
**SUBJECT:** Approval of Minutes from May 9, 2024 meeting  
**DATE:** June 13, 2024

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**RECOMMENDATION**

Receive, review and approve the attached May 9, 2024 meeting Minutes.

Attachment: May 9, 2024 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE  
BOARD OF DIRECTORS MEETING  
THURSDAY, MAY 9, 2024**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, May 9, 2024 at 5:30 p.m. to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. VCE Chair Lucas Frerichs established that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present: Lucas Frerichs, Bapu Vaitla, Tom Stallard, Jesse Loren, Will Arnold, Tania Garcia-Cadena, Richard Casavecchia

Members Absent: Jim Provenza

Welcome and Approval of the Agenda Chair Frerichs welcomed the Board members. Director Loren made a motion to approve the May 9, 2024 Agenda, seconded by Director Arnold. Motion passed with Director Provenza absent.

Recognition of Service of CAC Member Marsha Baird Chair Frerichs recognized past Community Advisory Committee member Marsha Baird for her service by presenting a proclamation to her. There were no written or verbal public comments.

VCE Executive Officer Mitch Sears introduced Patrick Enright of Richards, Watson & Gershon, VCE's general legal counsel, who was attending tonight's meeting instead of Attorney Inder Khalsa who had a conflict.

Public Comment – General and Consent There were no written or verbal public comments.

Consent Agenda / Resolutions 2024-006 Motion made by Director Arnold to approve the consent agenda items, seconded by Director Garcia-Cadena. Motion passed with Director Provenza absent. The following items were:  
4. approved April 11, 2024 Board meeting Minutes;  
5. received 2024 long range calendar;  
6. receive financial update March 31, 2024 (unaudited) financial statement;  
7. received legislative updated provided by Pacific Policy Group;



- 8. received April 2024 regulatory update dated May 1, 2024 provided by Keyes & Fox;
- 9. received SACOG – Electrify Yolo project update; and,
- 10. approved Amendment 7 to the Keyes & Fox Consultant Agreement to amend Exhibit D (Payment) not to exceed amount for the Demand Flexibility docket as Resolution 2024-006.

Item 11: Receive presentation on Resource Adequacy “Slice of Day”. (Information)

VCE Executive Officer Mitch Sears introduced this item and introduced VCE Staff Gordon Samuel. Mr. Samuel introduced Jaclyn Harr of The Energy Authority who presented information on Resource Adequacy (RA) “Slice of Day”.

The Board and Staff discussed: changes in the RA program; how does RA effect the grid; traditional RA products; issues with the traditional RA program; CPUC’s goals in restructuring of RA; what is “Slice of Day” (SOD); goals and challenges of SOD; costs to customers and CCA’s; and, the complexity of RA policy decisions. There were no written public comments.

Verbal Public Comment: Christine Shewmaker stated that she appreciates this discussion of the RA program and Slice of Day. She informed those present that it sounds as though the CPUC is acting without recognizing the consequences to CCA’s portfolio.

Item 12: Approve VCE’s Load Management Standards Plan (Discussion/Action)

Mr. Sears introduced this item and VCE Staff Sierra Huffman. Ms. Huffman reviewed highlights, purpose and goals of the draft Load Management Standards (LMS) Plan. She informed those present that Staff performed an analysis looking at potential of dynamic rates/programs, cost effectiveness, equity, technological feasibility, and customer and grid benefits. There were no verbal or written public comments.

Motion made by Director Arnold to approve VCE’s Load Management Standards (LMS) Plan, seconded by Director Stallard. Motion passed by the following vote:

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



Item 13: Recap of CalCCA 2024 Annual Conference. (Information)

Mr. Sears provided a brief overview of CalCCA’s Annual Conference successes.

Directors Stallard and Loren informed those present that they attended the CalCCA Conference held in San Jose paid for by VCE. They each provided a recap of their experience and thanked VCE for allowing them to participate in such a great event. Staff provided their input. There were no verbal or written public comments.

Item 14: Board Member and Staff Announcements

Mr. Sears informed those present that the Governor’s Press Release is out on his visit to Putah Creek Solar Farms. The California Honey Festival was a successful event, which was moved from downtown City of Woodland to the Yolo County Fairgrounds due to weather. And, Celebrate Davis is scheduled for Friday, May 17<sup>th</sup> at the Davis Community Park, Board Members welcomed to assist Staff in the booth.

Director Loren informed those present that the Winters Express wrote up a nice article covering the Governor’s visit to Putah Creek Solar Farms.

Director Stallard informed those present that he is a Director for the Capitol Corridor JPA and he attended an event that highlighted hydrogen fueled cars versus electric.

Announcement / Adjournment

The Board’s next regular meeting is scheduled for Thursday, June 13, 2024 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. There being no further business to discuss the meeting was adjourned at 6:55 p.m.

Alisa M. Lembke  
VCEA Board Secretary



## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report - Item 4

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**TO:** Board of Directors

**FROM:** Alisa Lembke, Board Clerk/Administrative Analyst

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

**DATE:** June 13, 2024

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#### **Recommendation**

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

Attachment: 2024 Board and CAC long range calendar

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

MEETING DATE		TOPICS	ACTION
January 11, 2024	<b>Board (Woodland)</b>	<ul style="list-style-type: none"> <li>Oaths of Office for Board Members [new Members(s) only]</li> <li>Election of Officers for 2024 (Annual)</li> <li>2023 Year End Review: Customer Care and Marketing</li> <li>Customer Participation Update</li> </ul>	<ul style="list-style-type: none"> <li>Action</li> <li>Nominations</li> <li>Information</li> <li>Information</li> </ul>
January 25, 2024	<b>Advisory Committee (Woodland)</b>	<ul style="list-style-type: none"> <li>Customer Participation Update</li> <li>Brown Act &amp; Social Media Platforms</li> <li>Review CAC Task Group “Charges”</li> <li>AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works</li> <li>2024 Budgets and Rates</li> </ul>	<ul style="list-style-type: none"> <li>Information</li> <li>Information</li> <li>Discussion/Action</li> <li>Information</li> <li>Information</li> </ul>
<del>February 8, 2024</del> <b>CANCELLED</b>	<b>Board (Davis)</b>	<ul style="list-style-type: none"> <li><b>MEETING CANCELLED</b></li> </ul>	
February 22, 2024	<b>Advisory Committee (Davis)</b>	<ul style="list-style-type: none"> <li>Strategic Plan Update (Annual)</li> <li>Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service (received public comment, tabled item)</li> <li>Resource Adequacy – Slice of Day</li> </ul>	<ul style="list-style-type: none"> <li>Information</li> <li>Discussion/Action</li> <li>Information</li> </ul>
<del>March 14, 2024</del> <b>CANCELLED</b>	<b>Board (Woodland)</b>	<ul style="list-style-type: none"> <li>Cancelled due to a lack of quorum</li> </ul>	
March 28, 2024	<b>Advisory Committee (Woodland)</b>	<ul style="list-style-type: none"> <li>Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service</li> <li>2023 Net Margin Allocation</li> <li>BioMAT Program</li> </ul>	<ul style="list-style-type: none"> <li>Discussion/Action</li> <li>Discussion</li> <li>Information</li> </ul>
April 11, 2024	<b>Board (Davis)</b>	<ul style="list-style-type: none"> <li>Strategic Plan Update (Annual)</li> <li>Receive Enterprise Risk Management Report (Bi-Annual)</li> <li>Customer Participation update (1<sup>st</sup> Quarter 2024)</li> <li>Update to VCE Conflict of Interest Code</li> </ul>	<ul style="list-style-type: none"> <li>Information</li> <li>Information</li> <li>Information</li> <li>Action</li> </ul>

		<ul style="list-style-type: none"> <li>• Calendar Year 2023 Audited Financial Statements (James Marta &amp; Co.)</li> <li>• 2023 Net Margin Allocation</li> <li>• ERRO/Concierge Service</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> <li>• Discussion/Action</li> <li>• Discussion/Action</li> </ul>
April 16 – 18, 2024	CalCCA Annual Conference San Jose	VCE Staff and some Board and CAC members attending	
April 25, 2024	Advisory Committee (Davis)	• NO MEETING	•
May 9, 2024	Board (Woodland)	<ul style="list-style-type: none"> <li>• Update on SACOG Grant – Electrify Yolo</li> <li>• Resource Adequacy “Slice-of-Day”</li> <li>• Load Management Standards Plan</li> <li>• Recap of CalCCA April 2024 Annual Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Discussion/Action</li> <li>• Information</li> </ul>
May 23, 2024	Advisory Committee (Yolo County Community Services Dept., Cache Creek Room, Woodland)	<ul style="list-style-type: none"> <li>• Load Management Standards</li> <li>• Customer Participation update (1<sup>st</sup> Quarter 2024)</li> <li>• Reserves Policy / Dividend Program update</li> <li>• BioMAT Program</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Discussion/Action</li> <li>• Discussion/Action</li> </ul>
June 13, 2024	Board (Davis)	<ul style="list-style-type: none"> <li>• Re/Appointment of Members to Community Advisory Committee (Annual)</li> <li>• Mid-Year 2024 Financial Update</li> <li>• Legislative update provided by Pacific Policy Group</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> <li>• Information</li> <li>• Information</li> </ul>
June 27, 2024	Advisory Committee (Davis)	• Power Procurement / Renewable Portfolio Standard Update	• Information
July 11, 2024	Board UC Davis – CA Lighting Technology Center, Davis	<ul style="list-style-type: none"> <li>• Status of SACOG Grant – Electrify Yolo</li> <li>• Customer Participation Update (2<sup>nd</sup> Quarter 2024)</li> <li>• Power Portfolio Renewable Content Update (<i>placeholder</i>)</li> <li>• Resource Adequacy “Slice of Day” update</li> </ul>	<ul style="list-style-type: none"> <li>• Information/Discussion/Action</li> <li>• Information</li> <li>• Information/Discussion</li> <li>• Information/Discussion</li> </ul>
July 25, 2024	Advisory Committee	• NO MEETING*	

\*No meeting unless an urgent matter needs to be addressed

	<b>(Woodland)</b>		
August 8, 2024	<b>Board (Davis)</b>	<ul style="list-style-type: none"> <li>• <b>NO MEETING*</b></li> </ul>	
August 22, 2024	<b>Advisory Committee (Davis)</b>	<ul style="list-style-type: none"> <li>• Customer Participation Update (2<sup>nd</sup> Quarter 2024)</li> <li>• Outreach and Marketing Plan update (placeholder)</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Discussion/Action</li> </ul>
September 12, 2024	<b>Board (Woodland)</b>	<ul style="list-style-type: none"> <li>• Certification of Standard and UltraGreen Products / 2023 Power Content Label (Annual)</li> <li>• Enterprise Risk Management Update (Bi-annual)</li> <li>• Outreach and Marketing Plan update (placeholder)</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> <li>• Information</li> <li>• Discussion/Action</li> </ul>
September 26, 2024	<b>Advisory Committee (Woodland)</b>	<ul style="list-style-type: none"> <li>• Receive Board Staff Report on Certification of Standard and UltraGreen Products / 2023 Power Content Label</li> </ul>	<ul style="list-style-type: none"> <li>• Information/Discussion</li> </ul>
October 10, 2024	<b>Board (Davis)</b>	<ul style="list-style-type: none"> <li>• Update on SACOG Grant – Electrify Yolo</li> <li>• 2024 Operating Budget Update and 2025 preliminary Operating Budget</li> <li>• Customer Participation Update (3<sup>rd</sup> Quarter 2024)</li> <li>• Progress Update on Programs Plan and 2025 program concepts</li> <li>• Legislative End of Session Update</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Information</li> <li>• Discussion/Action</li> <li>• Information</li> </ul>
October 24, 2024	<b>Advisory Committee (Davis)</b>	<ul style="list-style-type: none"> <li>• 2023 Power Content Label outreach</li> <li>• Customer Participation Update (3<sup>rd</sup> Quarter 2024)</li> <li>• Draft 2025 Legislative Platform</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Discussion/Action</li> </ul>
November 14, 2024	<b>Board (Woodland)</b>	<ul style="list-style-type: none"> <li>• 2025 Operating Budget Update</li> <li>• 2023 Power Content Label outreach</li> <li>• 2025 Legislative Platform</li> </ul>	<ul style="list-style-type: none"> <li>• Information/Discussion</li> <li>• Information</li> <li>• Discussion/Action</li> </ul>
<del>November 28, 2024</del> November 21, 2024 (rescheduled to November 21 due to Thanksgiving holiday on Nov. 28 <sup>th</sup> )	<b>Advisory Committee (Woodland)</b>	<ul style="list-style-type: none"> <li>• GHG Free Attributes</li> <li>• Legislative End of Session Update</li> <li>• 2025 Budget Update/Preview</li> <li>• Review and finalize CAC Task Group Year-end Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Information</li> <li>• Discussion</li> </ul>
December 12, 2024	<b>Board (Davis)</b>	<ul style="list-style-type: none"> <li>• Approve 2025 Operating Budget (Annual) and 2025 Customer Rates</li> <li>• GHG Free Attributes</li> <li>• Receive VCE Grant/Program activity summary</li> <li>• Receive CAC Year-end Task Group Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion/Action</li> <li>• Action</li> <li>• Information</li> <li>• Information</li> </ul>

\*No meeting unless an urgent matter needs to be addressed

December 26, 2023 December 19, 2024 (rescheduled to December 19 due to Christmas holiday on Dec. 25 <sup>th</sup> )	<b>Advisory Committee (Davis)</b>	<ul style="list-style-type: none"> <li>• 2025 CAC Task Group(s) formation (Annual)</li> <li>• Power Procurement / Renewable Portfolio Standard Update</li> <li>• Election of Officers for 2025 (Annual)</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion/Action</li> <li>• Information</li> <li>• Nominations</li> </ul>
January 9, 2025	<b>Board (Woodland)</b>	<ul style="list-style-type: none"> <li>• Oaths of Office for Board Members (Annual - new Members only)</li> <li>• Election of Officers for 2025 (Annual)</li> <li>• Customer Participation Update (4<sup>th</sup> Quarter 2024)</li> <li>• 2024 Year in review: Customer Care &amp; Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Action</li> <li>• Nominations</li> <li>• Information</li> <li>• Information</li> </ul>
January 23, 2025	<b>Advisory Committee (Woodland)</b>	<ul style="list-style-type: none"> <li>• Rates/Budget 2025 Update</li> <li>• Customer Participation Update (4<sup>th</sup> Quarter 2024)</li> <li>• Review 2025 Task Group “Charges”</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Information</li> <li>• Discuss/Action</li> </ul>

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

\*No meeting unless an urgent matter needs to be addressed

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 5**

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**TO:** Board of Directors

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

**SUBJECT:** Financial Update – April 30 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30 2024

**DATE:** June 13, 2024

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**RECOMMENDATION:**

Accept the following Financial Statements (unaudited) for the period of April 1, 2024 to April 30 2024 (with comparative year to date information) and Actual vs. Budget year to date ending April 30 2024.

**BACKGROUND & DISCUSSION:**

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

The Financial Statements include the following reports:

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

In addition, Staff is reporting the Actual vs. Budget variances year to date ending April 30 2024.

**Financial Statements for the period April 1, 2024 – April 30 2024**

In the Statement of Net Position, VCE, as of April 30, 2024, has a total of \$35,103,442 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On April 30 2022, VCE's net position was \$41,513,659.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,213,328 of revenue (net of allowance for doubtful accounts), of which \$6,014,268 was billed in April, and \$4,789,993 represent estimated unbilled revenue. The cost of electricity for the April revenue totaled \$7,753,833. For April, VCE's gross margin was approximately 32% and the net loss totaled \$2,186 ,604. The year-to-date change in net position was 5,090,484.

In the Statement of Cash Flows, VCE cash flows from operations were \$5,296,129 due to April cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending April 30 2024

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

- Electric Revenue – (\$1,979,673) and -9% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter.
- Purchased Power – (\$1,433,805) and -8% – Favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, and lower energy prices.
- Reimbursable Revenues \$607,000 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.
- General Programs Costs \$131,628 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$431,814 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.
- Operational Support Services \$63,274 – Unfavorable Variance – Additional costs related to rate discount implementation and collections program implementation.
- Banking Fees \$62,432 – Unfavorable Variance – Letter of credit costs offset costs savings from reduction of power purchase agreement rate.

**Attachments:**

- 1) Financial Statements (Unaudited) April 1, 2024 to April 30 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending April 30 2024



# **VALLEY CLEAN ENERGY**

**VALLEY CLEAN ENERGY ALLIANCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2024**

**PREPARED ON JUNE 7, 2024**



**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2024**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 35,103,442
Accounts receivable, net of allowance	8,900,057
Accrued revenue	4,789,993
Prepaid expenses	111,272
Inventory - Renewable Energy Credits	-
Other current assets and deposits	3,700,487
<b>Total current assets</b>	<u>52,605,251</u>

Restricted assets:

Debt service reserve fund	1,100,000
<b>Total restricted assets</b>	<u>1,100,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 53,705,251</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 437,486
Accrued payroll	127,971
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	7,723,862
Other accrued liabilities	2,059,295
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	44,700
<b>TOTAL LIABILITIES</b>	<u><u>\$ 12,191,592</u></u>

**NET POSITION**

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	39,573,659
<b>TOTAL NET POSITION</b>	<u><u>\$ 41,513,659</u></u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**APRIL 30, 2024**  
**(WITH COMPARATIVE YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	FOR THE PERIOD ENDING APRIL 30, 2024	YEAR TO DATE
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 6,213,328	\$ 26,417,297
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	6,213,328	26,417,297
<b>OPERATING EXPENSES</b>		
Cost of electricity	7,753,833	19,267,804
Contract services	342,869	946,134
Staff compensation	134,651	581,240
General, administration, and other	230,759	752,774
<b>TOTAL OPERATING EXPENSES</b>	8,462,112	21,547,952
<b>TOTAL OPERATING INCOME (LOSS)</b>	(2,248,784)	4,869,345
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	62,181	221,138
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	62,181	221,138
<b>CHANGE IN NET POSITION</b>	(2,186,604)	5,090,484
Net position at beginning of period	5,714,148	36,423,176
Net position at end of period	\$ 3,527,544	\$ 41,513,659

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**APRIL 30, 2024**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING APRIL 30, 2024</u>	<u>YEAR TO DATE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 6,213,328	\$ 26,417,297
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(208,919)	(8,712,522)
Payments for contract services, general, and administration	(573,628)	(1,698,908)
Payments for member agency services	-	-
Payments for staff compensation	(134,651)	(581,240)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
<b>Net cash provided (used) by operating activities</b>	<u>5,296,129</u>	<u>15,424,628</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	62,181	221,138
<b>Net cash provided (used) by investing activities</b>	<u>62,181</u>	<u>221,138</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	5,358,310	15,645,766
Cash and cash equivalents at beginning of period	30,845,132	28,579,933
<b>Cash and cash equivalents at end of period</b>	<u>36,203,442</u>	<u>44,225,699</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	35,103,442	43,125,699
Restricted assets	1,100,000	1,100,000
<b>Cash and cash equivalents at end of period</b>	<u>\$ 36,203,442</u>	<u>\$ 44,225,699</u>

**VALLEY CLEAN ENERGY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**APRIL 30, 2024**  
**(WITH YEAR TO DATE INFORMATION)**  
**(UNAUDITED)**

	<u>FOR THE PERIOD ENDING APRIL 30, 2024</u>	<u>YEAR TO DATE</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (2,248,784)	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(263,042)	(593,095.56)
(Increase) decrease in accrued revenue	290,598	313,839.15
(Increase) decrease in prepaid expenses	52,056	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	24,606	15,756.69
Increase (decrease) in accounts payable	(18,360)	(54,547.41)
Increase (decrease) in accrued payroll	(18,439)	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	7,490,604	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	(13,109)	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 5,296,129</b>	<b>\$ 3,639,825</b>

**VALLEY CLEAN ENERGY**  
**2024 YTD ACTUAL VS. BUDGET**  
**FOR THE YEAR TO DATE ENDING 04/30/24**

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
<b>Total Revenues</b>	\$ 26,638,465	\$ 29,169,000	\$ (2,530,535)	-9%
Electric Revenue	\$ 26,417,327	\$ 28,397,000	\$ (1,979,673)	-7%
Interest Revenues	\$ 221,139	\$ 165,000	\$ 56,139	34%
Reimbursable Revenues	\$ -	\$ 607,000	\$ (607,000)	-100%
<b>Purchased Power</b>	\$ 19,267,805	\$ 17,834,000	\$ 1,433,805	8%
Purchased Power Base	\$ 19,267,805	\$ 16,984,000	\$ 2,283,805	13%
Purchased Power Contingency 5%	\$ -	\$ 850,000	\$ (850,000)	-100%
<b>Labor &amp; Benefits</b>	\$ 596,312	\$ 544,000	\$ 52,312	10%
Salaries & Wages/Benefits	\$ 481,378	\$ 448,000	\$ 33,378	7%
Contract Labor	\$ 52,891	\$ 68,000	\$ (15,109)	-22%
Human Resources & Payroll	\$ 62,043	\$ 28,000	\$ 34,043	122%
<b>Office Supplies &amp; Other Expenses</b>	\$ 108,632	\$ 118,300	\$ (9,668)	-8%
Technology Costs	\$ 37,062	\$ 12,800	\$ 24,262	190%
Office Supplies	\$ 5,832	\$ 4,000	\$ 1,832	46%
Travel	\$ 17,772	\$ 21,500	\$ (3,728)	-17%
CalCCA Dues	\$ 45,976	\$ 48,000	\$ (2,024)	-4%
CC Power	\$ -	\$ 30,000	\$ (30,000)	-100%
Memberships	\$ 1,990	\$ 2,000	\$ (10)	-1%
<b>Contractual Services</b>	\$ 845,345	\$ 775,600	\$ 69,745	9%
Other Contract Services (e.g. IRP)	\$ -	\$ 10,000	\$ (10,000)	-100%
Don Dame	\$ 1,443	\$ 7,200	\$ (5,757)	-80%
Wholesale Energy Services (TEA)	\$ 253,075	\$ 273,000	\$ (19,925)	-7%
2030 100% Renewable & Storage	\$ -	\$ 10,000	\$ (10,000)	-100%
Customer Support Call Center	\$ 381,490	\$ 268,000	\$ 113,490	42%
Operating Services	\$ 83,274	\$ 20,000	\$ 63,274	316%
Commercial Legal Support	\$ (3,128)	\$ 8,000	\$ (11,128)	-139%
Legal General Counsel	\$ 15,294	\$ 28,000	\$ (12,706)	-45%
Regulatory Counsel	\$ 43,667	\$ 68,000	\$ (24,333)	-36%
Joint CCA Regulatory counsel	\$ 31,334	\$ 6,400	\$ 24,934	390%
Legislative - (Lobbyist)	\$ 24,251	\$ 23,000	\$ 1,251	5%
Accounting Services	\$ (5,855)	\$ 1,000	\$ (6,855)	-686%
Financial Consultant	\$ -	\$ 8,000	\$ (8,000)	-100%
Audit Fees	\$ 20,500	\$ 45,000	\$ (24,500)	-54%
<b>Marketing</b>	\$ 59,247	\$ 100,000	\$ (40,753)	-41%
Marketing Collateral	\$ 59,247	\$ 96,000	\$ (36,753)	-38%
Community Engagement Activities & Sponsorships	\$ -	\$ 4,000	\$ (4,000)	-100%
<b>Programs</b>	\$ 356,558	\$ 926,000	\$ (569,442)	-61%
Program Costs (Rebates, Incentives, etc.)	\$ 108,372	\$ 240,000	\$ (131,628)	-55%
AG Fit	\$ 248,186	\$ 680,000	\$ (431,814)	-64%
PIPP Program	\$ -	\$ 6,000	\$ (6,000)	-100%
<b>Rents &amp; Leases</b>	\$ 19,890	\$ 16,400	\$ 3,490	21%
Hunt Boyer Mansion	\$ 19,890	\$ 8,400	\$ 11,490	137%
Lease Improvement	\$ -	\$ 8,000	\$ (8,000)	-100%
<b>Other A&amp;G</b>	\$ 247,798	\$ 221,600	\$ 26,198	12%
Development - New Members	\$ -	\$ 8,400	\$ (8,400)	-100%
Strategic Plan Implementation	\$ 5,235	\$ 25,600	\$ (20,365)	-80%
PG&E Data Fees	\$ 89,189	\$ 96,000	\$ (6,811)	-7%
Insurance	\$ 15,342	\$ 16,000	\$ (658)	-4%
Banking Fees	\$ 138,032	\$ 75,600	\$ 62,432	83%
Miscellaneous Operating Expenses	\$ 754	\$ 4,000	\$ (3,246)	-81%
Contingency	\$ -	\$ 80,000	\$ (80,000)	-100%
	0	0		
<b>TOTAL OPERATING EXPENSES</b>	\$ 21,502,340	\$ 20,619,900	\$ 882,440	4%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
<b>NET INCOME</b>	\$ 5,136,125	\$ 8,549,100	\$ (3,412,975)	

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 6

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To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: June 13, 2024

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Please find attached Keyes & Fox’s May 2024 Regulatory Memorandum dated June 5, 2024 an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

**Attachment:** Keyes & Fox Regulatory Memorandum dated June 5, 2024.

# Valley Clean Energy Alliance

## Regulatory Monitoring Report

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

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

Subject: Monthly Regulatory Update

Date: June 5, 2024

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

### RPS Rulemaking

**Background:** This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding will be the forum for review of VCE's next RPS Procurement Plan and RPS Compliance reports.

**Recent Developments:** On May 9, the Assigned Commissioner issued a [Scoping Memo and Ruling](#) setting forth the initial issues and schedule for the RPS proceeding. The [Assigned Commissioner's Ruling](#) on 2024 RPS Procurement Plans was issued on May 17. This year's RPS Procurement Plan requirements have only minor changes from last year's requirements, such as removal of the Voluntary Allocation and Market Offer (VAMO) section.

**Analysis:** This first RPS Plan filing in the new Compliance Period contains the same content requirements as recent RPS Plans, but, as indicated in the Scoping Memo and Ruling, the RPS proceeding will be coordinated more closely with integrated resource planning and resource adequacy proceedings, and it will consider incorporation of greenhouse gas metrics and potentially higher RPS targets in subsequent RPS Plan filings.

**Next Steps:** Initial Draft RPS Plans are due July 12, and Motions to Update are due August 26. Comments on Draft filings are due August 15 and reply comments are due August 26. Motions requesting an evidentiary hearing are due August 12.

**Additional Information:** [Assigned Commissioner's Ruling](#) on 2024 RPS Procurement Plans (May 17, 2024); [Scoping Memo and Ruling](#) (May 9, 2024); ALJ [Ruling](#) (Mar. 7, 2024); [OIR](#) (Feb. 1, 2024); Docket No. [R.24-01-017](#).

### RA Rulemaking (2025-2026)

**Background:** This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. Track 1 is focused on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 is focused on Central Procurement Entity framework issues, including potential structural modifications, and Track 3 is focused on remaining RA capacity issues.

**Recent Developments:** On May 1, the CAISO submitted its [Final 2025 Local Capacity Technical Report](#). On May 2, the ALJ issued a [Ruling](#) modifying the schedule for Track 2 and another [Ruling](#) modifying the schedule for Track 1 flexible capacity issues. On May 13, CAISO submitted the [Final 2025 Flexibility Capacity Needs Assessment Report](#). On May 17, the ALJ issued a [Proposed Decision](#) (PD) on adopting local capacity requirements for 2025-2027, flexible capacity obligations for 2025, and slice-of-day and other Resource Adequacy (RA) program refinements. In the Proposed Decision, the SOD framework will continue to be implemented starting with the 2025 RA year and a 17% planning reserve margin will be applied across all months for the initial year. The Proposed Decision does not include a system RA waiver process but did adopt an interim extended cure period allowing resources that come online between the 45-day advance month-ahead compliance showing and the start of the compliance month to count towards that month's RA compliance. Some proposals, such as CalCCA's load obligation trading proposal that would facilitate more efficient and cost-effective RA compliance among LSEs, were not incorporated in the Proposed Decision. On June 4, an ALJ [Ruling](#) modified the Track 2 scope to defer Issue 3 - Coordination with the IRP Proceeding until after the Commission issues a decision (expected in early 2025) on the Reliable and Clean Power Procurement Program (RCPPP) proposal in the IRP proceeding.

**Analysis:** Under the Proposed Decision, the SOD framework will be implemented in January 2025, which will require LSEs to demonstrate capacity to meet load in all hours of the “worst day” of every month. This will potentially place an additional RA burden on more renewable-intensive resource portfolios. The PD does little to alleviate the tight RA market conditions and high prices experienced in recent years as it does not address inefficiencies in the current bilateral-transaction based RA market or allow one LSE’s excess resource in one hour to be matched with another LSE’s resource shortage in that hour for compliance purposes. However, LSEs will be subject to significantly lower penalties when resources experience a slight delay in coming online, i.e. come online ahead of the start of the compliance month but after the 45-day advance showing for the compliance month.

**Next Steps:** Comments on the PD are due June 6, reply comments are due June 11 and the PD may be heard as early as the June 20 Commission meeting. The next Test Year 2024 SOD Month Ahead showing is due to Energy Division on September 1, and the first year-ahead SOD showing is due in November 2024. Track 2 proposals on the CPE framework and coordination with the IRP proceeding are due June 14, and a proposed decision in Track 2 is expected in November 2024.

**Additional Information:** ALJ [Ruling](#) (Jun. 4, 2024); [Proposed Decision](#) (May 17, 2024); CAISO [Final 2025 Flexibility Capacity Needs Assessment Report](#) (May 13, 2024); ALJ [Ruling](#) on Track 1 flexible capacity schedule (May 1, 2024); ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); CAISO [Final 2025 Local Capacity Technical Report](#) (May 1, 2024); CalCCA [Revised Proposal](#) (Feb. 23, 2024); CalCCA [Comments and Proposals](#) (Jan. 19, 2024); [Scoping Memo and Ruling](#) (Dec. 18, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

## Demand Flexibility

**Background:** This rulemaking was opened to update the CPUC’s rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A established an income-graduated fixed charge (IGFC) for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and then expanded VCE’s AgFIT Pilot throughout PG&E distribution territory.

**Recent Developments:** In Track A, [D.24-05-028](#), issued May 15, set the income-graduated fixed charge (IGFC) for customers of the large IOUs at \$6/month for CARE-enrolled customers, \$12/month for FERA-enrolled customers, and \$24.15/month for all other customers. PG&E will implement income-graduated fixed charges in early 2025. On May 16, [Assembly Bill 1999](#) was modified to (1) prohibit changes in the amount of fixed charges that exceed inflation, (2) render the authorization for fixed charges inoperative on July 1, 2028, (3) starting July 1, 2028 permit the Commission to authorize fixed charges for low-income CARE customers of \$5/month or less and for non-CARE customers of \$10/month, and (4) require modifications to fixed charges to be proposed in a stand-alone proceeding separate from general rate cases and to prohibit fixed charges to increase a utility’s revenue requirement compared to the revenue requirement under volumetric rates. Opening comments on Track B Working Group 1 proposals regarding rate design for marginal-cost based rates (i.e., real-time pricing or RTP) were filed on May 22. On May 31, the Commission issued a [Letter](#) granting PG&E’s May 24 [Request](#) for an extension from June 1 to November 1 to begin enrollment in its dynamic rate pilots and denying PG&E’s request for a four-month extension to report the number of megawatts enrolled in its pilots.

**Analysis:** The Decision’s IGFCs are significantly lower than many party proposals initially recommended, and they are expected to reduce volumetric rates for non-CARE/FERA IOU customers of PG&E by an average of \$0.047/kWh, SCE by \$0.046/kWh, and SDG&E by \$0.068/kWh. However, actual customer-specific rate impacts vary based on usage, climate zones, and other factors, and increased fixed charges will reduce the value of rooftop solar. Both CalAdvocates’ [Comments](#) and CalCCA’s [Comments](#) raise concerns about the inclusion of marginal distribution costs in RTP rates, particularly in regard to the transparency of that components and the rate update process. The IOUs’ joint Comments propose setting base marginal generation capacity cost rates using updated marginal cost studies prepared for Phase 2 general rate cases with annual updates in other year. PG&E’s request to delay customer enrollment in the dynamic rates pilots will mean that the expanded version of VCE’s AgFIT pilot will not go into effect until November 2024 at the earliest.

**Next Steps:** Reply comments on Track B Working Group 1 proposals regarding rate design for marginal generation capacity costs are due June 12 and a proposed decision is expected by the end of this year.

**Additional Information:** [Letter](#) granting PG&E dynamic rate pilot enrollment extension (May 31, 2024); PG&E [Request](#) for dynamic rate pilot enrollment extension (May 24, 2024); [D.24-05-028](#) (May 15, 2024); VCE [Substitute Sheet](#) AL 17-E (Apr. 18, 2024); PG&E [AL 7222-E-A](#) (Apr. 17, 2024); PG&E [AL 7223-E](#) (Mar. 25, 2024); PG&E [AL 7222-E](#) (Mar. 25, 2024); [D.24-01-032](#) (Jan. 26, 2024); [D.23-04-040](#) on electric rate design principles (May 3, 2023); [D.23-04-008](#) (Apr. 14, 2023); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

## EV Rates & Infrastructure

**Background:** This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure



deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

**Recent Developments:** The IOUs submitted their [Report](#) on the Vehicle-Grid Integration Forum on May 21. On June 3, the ALJs issued a [Ruling](#) initiating Track 1 and inviting party comment. Track 1 will consider issues related to D.22-11-040 such as a long-term transportation electrification policy framework funded by a ratepayer charge on electricity bills for a five-year, third-party administered statewide transportation electrification infrastructure rebate program (TE Rebate Program) that will initially focus on deploying charging infrastructure for the medium- and heavy-duty vehicle (MDHD) and Multi-Unit Dwellings (MUD) market segments, and providing technical assistance and funding for a pilot program called Locally Invested Transportation Equity (LITE). The Program is scheduled to begin in 2025 with \$600 million available in the first three years, and it involves a mid-cycle assessment in 2027 that will determine how much, if any, of an additional \$400 million should be used in the remaining two years.

**Analysis:** The integration of electric vehicles with the power grid has significant implications for future load growth, the potential for vehicles to supply power to the grid, and growth in transmission and distribution system capacity. Early discussions are focused on management of new EV load, approaches to meeting interconnection demand in capacity-constrained portions of the grid, and identifying emerging topics and issues for later discussion and exploration.

**Next Steps:** Opening comments on the Track 1 Ruling are due July 2 and reply comments are due July 18.

**Additional Information:** ALJ [Ruling](#) (Jun. 3, 2024); [Vehicle-Grid Integration Forum Report](#) (May 21, 2024); [Resolution E-5314](#) (Apr. 19, 2024); [Scoping Memo and Ruling](#) (Apr. 12, 2024); [Draft Resolution E-5314](#) (Mar. 8, 2024); ALJ [Ruling](#) (Dec. 27, 2023); [OIR](#) (Dec. 20, 2023); Docket No. [R.23-12-008](#).

## IRP Rulemaking

**Background:** This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, and ongoing reliability obligations.

**Recent Developments:** On May 21, the ALJ issued a [Ruling](#) requesting comments on the staff proposal to allow temporary non-emitting or RPS-eligible bridge resources to meet 2,500-MW system wide zero-emitting procurement requirements detailed in D.21-06-035. The bridge resources would be required to be zero-emitting, cover a bridge period of no more than three years, and otherwise meet all of the requirements for the Diablo Canyon replacement resources in D.21-06-035, including being required to be shown to be incremental. On June 3, LSEs filed compliance updates on the status of MTR procurement.

**Analysis:** Allowing bridge resources, as proposed, to temporarily fulfill D.21-06-035 MTR obligations will increase the likelihood that sufficient capacity of the intended nature is procured in a timely manner even if individual procurements are for short periods of time and will be replaced with similar long-term capacity. Recent capacity studies by the Commission determined that this procurement could not be delayed without threatening system reliability, and this bridge-resource solution would provide a flexible alternative for LSEs to meet their procurement obligations in the near-term.

**Next Steps:** VCE's next IRP filing is due November 1, 2025. Comments on May 21 Ruling are due June 11 and reply comments are due June 21. Reply comments on the April 18 ALJ Ruling are due June 5.

**Additional Information:** ALJ [Ruling](#) (May 21, 2024); [Amended Scoping Memo and Ruling \(Correction/Clarification\)](#) (Apr. 18, 2024); [D.24-02-047](#) (Feb. 20, 2024); [D.23-12-014](#) (Dec. 19, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); Docket No. [R.20-05-003](#).

## PG&E Asset Transfer

**Background:** This proceeding addresses PG&E's Application to transfer its non-nuclear generating assets to a new subsidiary, Pacific Generation, and sell up to 49.9% of its equity interest to third-party investors.

**Recent Developments:** [D.24-05-004](#) (issued May 10) denied, in its entirety, PG&E's Application to transfer its non-nuclear generation assets to Pacific Generation. The Decision concluded that PG&E's "novel and unprecedented" proposal could increase administrative costs and possibly rates by \$3 million per year or more and that there was no information indicating whether the enterprise's post-transaction cost of debt would be reduced below the current cost of debt by an amount sufficient to offset the increase in administrative costs.

**Analysis:** N/A

**Next Steps:** The proceeding is closed.

**Additional Information:** [D.24-05-004](#) (May 10, 2024); [Scoping Memo and Ruling](#) (Jan. 20, 2023); Docket No. [A.22-09-018](#).

## Diablo Canyon Cost Recovery

**Background:** This proceeding will establish rates effective January 1, 2025 to recover the forecast costs associated with extended operations of the Diablo Canyon Power Plant (DCPP) during the September 2023-December 2025 time

period. Customers across the state – including CCA customers - will pay for the costs of extended operations at DCPP, and will be allocated the resource adequacy (RA) and greenhouse gas (GHG)-free benefits associated with those operations. PG&E proposes, in its application, certain changes to the allocation of RA and GHG-free benefits to load serving entities (LSEs). It also proposes specific uses for the volumetric performance fee revenue it will collect from customers in 2025.

**Recent Developments:** Protests and responses to PG&E's Application were filed May 8. A May 15 ALJ [Ruling](#) set the prehearing conference for May 31, and the prehearing conference [transcript](#) was filed June 4.

**Analysis:** In response to assignment of some additional costs to PG&E's service territory, the utility proposed an adjustment to RA and GHG-free attributes in proportion to these additional costs. Such an adjustment would slightly increase the RA and GHG-free allocations to CCAs in PG&E's territory while slightly reducing allocations in other IOU territories. CalCCA's [Protest](#) to PG&E's Application was strongly against the Commission considering PG&E's proposal to adjust RA and GHG-free allocations to reflect the slightly higher additional costs assigned to PG&E customers, while CalAdvocates' [Protest](#) recommended including this issue in the proceeding scope.

**Next Steps:** A scoping memo and ruling is expected in June. A Tier 2 advice letter from PG&E on the process to allocate GHG-free attributes to LSEs is due in mid-June.

**Additional Information:** Prehearing Conference [Transcript](#) (Jun. 4, 2024); ALJ [Ruling](#) (May 15, 2024); [Amended Application](#) (Apr. 8, 2024); [Application](#) (Mar. 29, 2024); Docket No. [A.24-03-018](#).

## Microgrids

**Background:** This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program (MIP), potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

**Recent Developments:** Comments on alignment of the microgrid tariff proposals with the Commission's Environmental and Social Justice Action Plan goals were filed on May 3 and reply comments were filed on May 17.

**Analysis:** N/A

**Next Steps:** A proposed decision on Track 5 Microgrid Multi-Property Tariffs is expected by mid-August.

**Additional Information:** [Order](#) denying Joint Application for Rehearing (Apr. 19, 2024); ALJ [Ruling](#) (Mar. 27, 2024); Microgrid Resources Coalition [proposal](#), Green Power Institute [proposal](#), Clean Coalition [proposal](#) (Dec. 15, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); Docket No. [R.19-09-009](#).

## Provider of Last Resort Rulemaking

**Background:** A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's service area). Phase 1 of this proceeding will address POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

**Recent Developments:** No developments in the past month.

**Analysis:** N/A.

**Next Steps:** The joint CCA advice letter on CCA registration requirements is due July 17. The first revised FSR posting under this Decision is due March 1, 2025, and subsequent FSR postings are due July 1 and January 1 of each year.

**Additional Information:** [D.24-04-009 / Appendix](#) (Apr. 22, 2024); [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

## PG&E 2023 Phase 1 GRC

**Background:** Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026).

**Recent Developments:** A [Proposed Decision](#) (PD) ([Appendix](#)) that would authorize a ratemaking mechanism for PG&E's energization projects was issued on May 17.

**Analysis:** The PD would authorize PG&E to record and track costs for energization projects (e.g., connecting new customers to the electrical distribution grid, upgrading electrical distribution capacity to existing customers, and building adequate electrical distribution and transmission capacity to accommodate future load) placed in service after January 1, 2024 that exceed the energization costs included in PG&E's annual revenue requirement authorized in Phase I of this proceeding. The maximum incremental revenue requirement associated with such capacity projects is capped at \$144.310 million in 2024, \$91.568 million in 2025, and \$99.071 million in 2026, corresponding to capital of \$975 million

in 2024, \$618 million in 2025, and \$669 million in 2026, or \$2,262 million total (which is 45% or \$1,814 million less than the cumulative capital expenditures cap of \$4,076 million that PG&E requested). The authorized sums equate to an increase in electric distribution revenue requirement of 1.98% for 2024, 1.18% for 2025, 1.19% for 2026, and 4.03% cumulatively.

**Next Steps:** The PD may be heard as early as the June 20 Commission meeting. Comments on the PD are due June 6 and reply comments are due June 11.

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

## PG&E 2024 ERRA Forecast

**Background:** The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The April 2 [Scoping Memo and Ruling](#) consolidated all three major IOUs' ERRA forecast proceedings for the sole purpose of addressing issues related to the definition of and accounting for "fixed generation costs" in a Track 2.

**Recent Developments:** On May 1, an ALJ [Ruling](#) amended the Track 2 schedule.

**Analysis:** PG&E's proposed preliminary Track 2 scoping issues are centered on "allocation methodologies for Common Costs and clarification on accounting for outage costs arising from Replacement RA requirements", each of which could impact the allocation of PCIA-eligible portfolio costs between bundled and unbundled (i.e. CCA) customers. However, the April Scoping Memo clarified that PG&E's identified issues will not be in scope in the consolidated Track 2 of this proceeding.

**Next Steps:** Intervenor testimony is due October 8, rebuttal testimony is due November 22, a status conference is set for December 3, and evidentiary hearings may be held, if needed, in January 2025. A proposed decision is expected in March 2025.

**Additional Information:** ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); Joint CCA [Motion](#) (Apr. 26, 2024); IOU [Motion](#) (Apr. 25, 2024); [Scoping Memo and Ruling](#) (Apr. 2, 2024); [Joint Prehearing Conference Statement](#) (Mar. 26, 2024); PG&E [AL 7180-E](#) (Feb. 15, 2024); [D.23-12-022](#) (Dec. 19, 2023); ALJ [Ruling](#) (Dec. 18, 2023); ALJ [Ruling](#) (Nov. 20, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

## NEW PG&E 2025 ERRA Forecast

**Background:** The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

**Recent Developments:** PG&E submitted an [Amended Application](#) for its 2025 ERRA forecast on May 24 in which it requested a net 2025 revenue requirement of nearly \$3.1 billion.

**Analysis:** PG&E forecasts rising Resource Adequacy (RA) prices and claims the RA Market Price Benchmark (MPB) methodology does not fairly value RA for PCIA ratemaking purposes. To mitigate anticipated rate impacts on bundled customers, PG&E proposes to freeze the RA MPB for 2025 ratesetting purposes *to the extent that* the 2025 Forecast RA MPB published in the fall exceeds the current 2024 Forecast System RA MPB (\$15.23/kW-month). PG&E's proposal would inflate PCIA rates and artificially hold bundled rates down.

**Next Steps:** A prehearing conference is expected, followed by a scoping memo and ruling. PG&E expects to file its fall update on October 16.

**Additional Information:** PG&E's [Amended Application](#) (May 24, 2024); PG&E 2025 ERRA Forecast [Application](#) (May 15, 2024); Docket No. [A.24-05-009](#).

## PG&E 2021 ERRA Compliance

**Background:** The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

**Recent Developments:** No recent developments in the past month.

**Analysis:** N/A

**Next Steps:** A proposed decision was expected in early 2024.

**Additional Information:** ALJ [Ruling](#) (Nov. 9, 2023); ALJ [Ruling](#) (Sep. 27, 2023); [ALJ Ruling](#) on schedule (Jan. 6, 2023); Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRR Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

## PG&E 2022 ERRR Compliance

**Background:** The annual ERRR Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

**Recent Developments:** On May 16, an ALJ [Ruling](#) removed opening and reply briefing dates from the procedural schedule. A May 22 ALJ [Ruling](#) denied CalCCA's Motion for Commission Review and directed PG&E, Cal Advocates and CalCCA to submit briefs by June 6 on the issue of whether the Commission addresses or should address PG&E's sales or attempts to sell Resource Adequacy during the Summer of 2022 in a forum other than PG&E's ERRR Compliance proceeding.

**Analysis:** N/A

**Next Steps:** Briefing on PG&E's resource adequacy sales during the summer of 2022 is due June 6.

**Additional Information:** ALJ [Ruling](#) (May 22, 2024); ALJ [Ruling](#) (May 16, 2024); ALJ [Ruling](#) (Apr. 16, 2024); PG&E and CalAdvocates' [Joint Motion](#) for Settlement (Mar. 7, 2024); CalCCA [Motion](#) (Mar. 1, 2024); ALJ [Ruling](#) (Feb. 15, 2024); ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRR Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

## PG&E 2023 ERRR Compliance

**Background:** The annual ERRR Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

**Recent Developments:** No developments in the past month.

**Analysis:** N/A

**Next Steps:** A scoping memo and procedural schedule are expected.

**Additional Information:** [Joint Prehearing Conference Statement](#) (Apr. 15, 2024); CalCCA's [Protest](#) (Apr. 5, 2024); PG&E 2023 ERRR Compliance [Application](#) (Feb. 28, 2024); Docket No. [A.24-02-012](#).

## Building Decarbonization

**Background:** This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. [D.20-03-027](#) established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. [D.21-11-002](#) adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. The current Phase 3B will consider building decarbonization efforts regarding the reasonableness of modifying or ending electric line extension allowances, refunds, and discounts for "mixed-fuel" new construction (i.e., building projects that use gas and/or propane in addition to electricity).

**Recent Developments:** No developments in the past month.

**Analysis:** N/A

**Next Steps:** Phase 3B concluded with issuance of [D.23-12-037](#), and an updated scoping memo and procedural schedule is expected.

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

## Other Dockets

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

Docket	Name	Status
<a href="#">R.18-07-003</a>	RPS Rulemaking	On April 8, the Energy Division Staff provided formal approval of VCE's 2023 RPS Procurement Plan in a <a href="#">Notice of Approval</a> . On June 4, the CPUC issued <a href="#">D.24-05-038</a> closing the proceeding.

<a href="#">R.21-10-002</a>	RA Rulemaking (2023-2024)	The proceeding was closed by <a href="#">D.23-12-038</a> , and closed again by issuance of <a href="#">D.24-03-004</a> (issued March 12, 2024) denying the California Large Energy Consumers Association's <a href="#">Petition for Rehearing</a> .
<a href="#">A.21-03-008</a>	PG&E 2020 ERRA Compliance	The proceeding was closed by <a href="#">D.23-12-019</a> in December 2023.
<a href="#">R.18-12-006</a>	Transportation Electrification	The proceeding was closed by the December 2023 <a href="#">OIR</a> establishing <a href="#">R.23-12-008</a> , but it was re-opened to address a <a href="#">Petition for Modification</a> (PFM) of <a href="#">D.22-11-040</a> . <a href="#">D.22-11-040</a> , issued June 4, denied the PFM and re-closed the proceeding.
<a href="#">R.21-10-001</a>	Utility Safety Culture Assessments	The proceeding has been inactive since July 2023 and is awaiting issuance of a proposed decision.
<a href="#">R.23-03-007</a>	Wildfire Fund NBC 2024-2026	The next 90-day Notice for the 2025 Wildfire NBC is expected in September 2024.
<a href="#">R.17-06-026</a>	PCIA Rulemaking	The proceeding was closed by <a href="#">D.23-06-006</a> , but SCE's <a href="#">Petition for Modification</a> of <a href="#">D.23-06-006</a> , filed on September 12, 2023, that requests clarification on certain points regarding the valuation of previously banked RECs, remains outstanding.
<a href="#">I.15-08-019</a>	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, 2023 the CPUC issued <a href="#">D.23-05-009</a> adopting the Safety Policy Division's <a href="#">Modified Staff Report</a> and closing the proceeding.
<a href="#">A.20-06-011</a>	PG&E Regionalization Plan	<a href="#">D.22-06-028</a> closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group. PG&E's <a href="#">Q1 2024 Quarterly Report</a>
<a href="#">A.20-10-011</a>	Commercial EV Real-Time Pricing Pilot	Opt-in enrollment for the real-time pricing export compensation pilot was <a href="#">extended</a> and now expected to begin by February 28, 2025. A status update is due by August 28, 2024. <a href="#">D.23-07-003</a> closed the proceeding.
<a href="#">A.22-05-002</a>	Demand Response Programs (2023-2027)	<a href="#">D.24-04-006</a> , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding.

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 7

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summary of Community Advisory Committee May 23, 2024 meeting

DATE: June 13, 2024

This report summarizes the Community Advisory Committee’s meeting held in person and via Zoom webinar on Thursday, May 23, 2024.

- A. Request for CAC to form Biomass Task Group.** VCE Staff Gordon Samuel requested that the CAC form a Biomass Task Group to provide feedback related to the development of principles on responsible biomass electricity development. Staff work product from this Task Group would be presented to the CA at a future meeting then to the Board for their consideration. The CAC formed a Biomass Task Group. (7-0-0)
  
- B. Received draft updated reserve policy and dividend program guidelines, seek feedback and ask for a recommendation from the CAC to the Board to adopt.** VCE Staff Edward Burnham reviewed the updates made to the Reserve Policy and Dividend Program Guidelines. The CAC and Staff discussed: number of days of reserves, rating minimums, reserve goals, effects on programs, potential future investment opportunities, and VCE’s budget. The CAC recommends that the Board adopt the updated Financial Reserve Policy and Dividend Program Guidelines. (7-0-0)
  
- C. Recap of CalCCA 2024 Annual Conference.** Executive Officer Mitch Sears provided a brief overview of CalCCA’s Annual Conference successes. CAC Members Keith Taylor and Danielle Ballard informed those present that they attended the Conference and expressed their gratitude to VCE for allowing them to attend. They had a positive experience, learned a lot, and made some connections with others. Staff provided their input.

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 8**

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**TO:** Board of Directors

**FROM:** Edward Burnham, Finance and Operations Director

**SUBJECT:** Receive and approve audited December 31, 2023 financial statements.

**DATE:** June 13, 2024

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**RECOMMENDATIONS**

1. Accept and approve the Audited Financial Statements for the period of January 1, 2023, to December 31, 2023;
2. Accept the Communication with Governance Letter; and
3. Accept the Internal Control Letter

**BACKGROUND & DISCUSSION**

At the VCE board meeting on April 11, 2024, VCE's independent auditor, James Marta & Company, presented the draft audited financial statements. James Marta and Company have finalized the audit and issued the attached financial statements as presented in April with no changes.

The Financial Statements include the following reports:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basis Financial Statements

As part of the Professional accounting standards, the auditors are required to communicate to the VCE Board of Directors various matters relating to the audit, as noted in the following:

- Governance letter
- Internal Control Letter

This report and attachments constitute the auditor's communication to the Board.

### **AUDITOR'S FINDINGS**

During the course of the audit, the auditors found no material concerns over the financial statements and no material weakness in our internal controls. Specifically:

- VCE received an unqualified (“clean”) audit opinion, meaning the financial statements present VCE’s financial position fairly and appropriately
- VCE’s internal controls over financial reporting were considered by the auditor, with no material weakness in internal controls over financial reporting
- No significant issues were identified in working with our management team or performing the audit

### **Attachments:**

1. Audited Financial Statements for the period of January 1, 2023 to December 31, 2023
2. Communication with Governance Letter
3. Internal Control Letter





# VALLEY CLEAN ENERGY

**VALLEY CLEAN ENERGY ALLIANCE**  
FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022

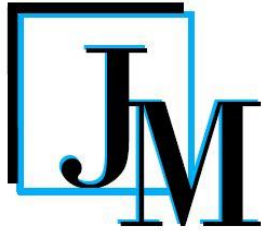
**VALLEY CLEAN ENERGY ALLIANCE**

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**James Marta & Company LLP**  
**Certified Public Accountants**

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Valley Clean Energy Alliance  
Davis, California

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Valley Clean Energy Alliance (VCE), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VCE as of the year ended December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

VCE's Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VCE's ability to continue as a going concern for twelve months beyond the date when the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

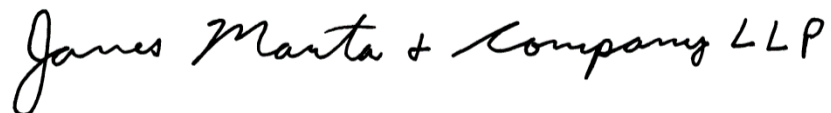
In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, on our consideration of the VCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VCE's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
May 3, 2024

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**VALLEY CLEAN ENERGY ALLIANCE**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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The Management's Discussion and Analysis provides an overview of Valley Clean Energy Alliance's (VCE) financial activities for the years ended December 31, 2023 and December 31, 2022. The information presented here should be considered in conjunction with the audited financial statements.

**BACKGROUND**

The formation of VCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses, and creating competition in power generation.

VCE was created as a California Joint Powers Authority (JPA) in January 2017 pursuant to the Joint Exercise of Powers Act and is a public agency separate from its members. Governed by a board of directors consisting of two elected officials representing each of the following local governments: the County of Yolo and the cities of Davis, Winters, and Woodland. VCE provides electric service to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2.

VCE's mission is to deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions. VCE provides electric service to retail customers and has the rights and powers to set rates and charges for electricity and services it furnishes, incur indebtedness, and other obligations. VCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (CAISO) and Pacific Gas and Electric Company (PG&E).

In June 2018, VCE began providing service to approximately 56,000 customer accounts as part of its initial enrollment phase. In calendar year 2020, VCE phased in approximately 7,000 Net Energy Metering (NEM) customers. In January 2021, VCE phased in approximately 7,100 customers from its new City of Winters jurisdiction.

Since its formation, VCE has operated with a fiscal accounting year ending on June 30, aligned with the Member Jurisdictions' Fiscal Year. Since early 2020, VCE has seen high volatility in the energy sector and overall economy. VCE's fiscal impacts were primarily driven by uncertainty associated with the COVID-19 pandemic, 2021 Power Charge Indifference Adjustment (PCIA) increases, resource adequacy and power market cost increases driven in part by the war in Ukraine. These factors required VCE to draw against reserves in the past two years to stabilize customer rates and maintain its rate policy to be competitive with PG&E generation rates. Beginning in 2022, VCE began to replenish its cash reserves and grow its financial strength (as envisioned in the Strategic Plan) for its initial investment grade credit rating.

**Financial Reporting**

VCE presents its financial statements in accordance with Generally Accepted Accounting Principles for proprietary funds, as prescribed by the Governmental Accounting Standards Board.

**Contents of this Report**

This report is divided into the following sections:

- Management's Discussion and Analysis, which provides an overview of operations.

**VALLEY CLEAN ENERGY ALLIANCE**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

- The Basic Financial Statements, which offer information on VCE’s financial results.
- The Statement of Net Position includes all of VCE’s assets, liabilities, and net position using the accrual basis of accounting. The Statement of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.
- The Statement of Revenues, Expenses, and Changes in Net Position report all of VCE’s revenue and expenses for the period shown.
- The Statement of Cash Flows report the cash provided and used by operating activities, as well as other sources and payments, such as debt financing.
- Notes to the Basic Financial Statements, which provide additional details and information pertaining to the financial statements.

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

The following table is a comparative summary of VCE’s assets, liabilities, and net position.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>% change from 2023 to 2022</u>	<u>December 31, 2021</u>	<u>% change from 2022 to 2021</u>
Current assets	\$ 43,363,001	\$ 20,172,977	115%	\$ 14,853,514	36%
Noncurrent assets	2,993,604	3,961,586	-24%	3,561,158	11%
<b>Total Assets</b>	<b>46,356,605</b>	<b>24,134,563</b>	<b>92%</b>	<b>18,414,672</b>	<b>31%</b>
Current liabilities	10,073,964	8,542,745	18%	8,728,436	-2%
Noncurrent liabilities	-	181,284	0%	-	0%
<b>Total Liabilities</b>	<b>10,073,964</b>	<b>8,724,029</b>	<b>15%</b>	<b>8,728,436</b>	<b>0%</b>
<b>Net Position</b>					
Designated – Local Programs	840,000	224,500	274%	224,500	0%
Restricted	1,100,000	3,809,273	-71%	3,561,158	7%
Unrestricted	34,342,641	11,376,761	202%	5,900,578	93%
<b>Total Net Position</b>	<b>\$ 36,282,641</b>	<b>\$ 15,410,534</b>	<b>135%</b>	<b>\$ 9,686,236</b>	<b>59%</b>

**Assets**

Current assets ended December 31, 2023, at approximately 43.4 million, an increase of approximately \$20.2 million compared to December 31, 2022. The primary contributor to the overall increase in current assets was an increase in cash resulting from competitive rate increases and the building of operating cash reserves. The VCE Board adopted a cost-based rate policy and automatic rate adjustment policy to continue to preserve and build cash reserves in preparation for obtaining our initial investment grade credit rating.

Overall, non-current assets decreased approximately \$968K on December 31, 2023 due to a decrease of in restricted cash for power purchase reserves related to the wholesale energy services portion of the SMUD contract. VCE completed the transition to The Energy Authority (TEA) for wholesale energy services in 2023 and no longer had a restricted cash and lockbox contract requirements.



**VALLEY CLEAN ENERGY ALLIANCE**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Liabilities**

Current liabilities at December 31, 2023, were comprised primarily of the accrued cost of electricity, accounts payable, other accrued liabilities, and security deposits. Current liabilities increased by \$ 1.5M for the year ended December 31, 2023 due to increased power cost hedges for the winter of 2023.

Non-current liabilities decreased \$181K in the year ended December 31, 2023 related to VCE early payoff of the River City Bank (RCB) term loan scheduled to mature in 2024.

The following table is a summary of VCE's results of operations:

	<b>December 31, 2023</b> <b>(Twelve Months)</b>	<b>December 31, 2022</b> <b>(Twelve Months)</b>	<b>% change from 2022</b> <b>to 2023</b>	<b>December 31, 2021</b> <b>(Six Months)</b>	<b>% change from</b> <b>December 31, 2021</b> <b>(Six Months) to</b> <b>December 31, 2022</b>
Operating revenues	\$ 95,429,498	\$ 86,661,734	10%	\$ 29,357,623	195%
Interest income	327,157	46,501	604%	8,731	433%
<b>Total Income</b>	<b>95,756,655</b>	<b>86,708,235</b>	<b>10%</b>	<b>29,366,354</b>	<b>195%</b>
Operating Expenses	74,869,670	80,897,469	-7%	32,401,487	150%
Interest and related expenses	14,878	86,468	-83%	22,545	284%
<b>Total Expenses</b>	<b>74,884,548</b>	<b>80,983,937</b>	<b>-8%</b>	<b>32,424,032</b>	<b>150%</b>
<b>Change in Net Position</b>	<b>\$ 20,872,107</b>	<b>\$ 5,724,298</b>	<b>-265%</b>	<b>\$ (3,057,678)</b>	<b>-287%</b>

**Operating Revenues**

In the year ended December 31, 2023, VCE's operating revenues were approximately \$14.0M below budgeted amount. VCE's customers energy use in most sectors have been lower than forecasted. For example, two large sectors showed lower than forecast energy use: (1) residential and (2) commercial use related to agriculture due to a wet and long winter, lower overall summer temperatures, and reduced heat events. VCE's operating revenue is driven from the sale of electricity to its customer base.

**VALLEY CLEAN ENERGY ALLIANCE**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**Operating Expenses**

In the year ended December 31, 2023, VCE's operating expenses were 7% lower than budgeted operations. The decrease was primarily due to a \$3. million decrease in the cost of electricity, driven by the decreased average forward market power prices from the high 2022/23 winter costs due to an abnormally wet winter and increased hydro production VCE procures energy from various sources and focuses on purchasing at competitive prices and maintaining a balanced renewable power portfolio. The remaining operating expenses consist of contract services, staff compensation, and other general administrative expenses.

**ECONOMIC OUTLOOK**

As a CCA in its sixth year of operations and post COVID-19 pandemic, VCE continues to focus on limiting customer opt outs by keeping rates competitive, increasing brand recognition, and providing a superior customer experience. VCE has recently started to procure power through long-term power purchase agreements to assist in stabilizing renewable power costs in the future and help VCE accomplish its mission of providing renewable energy and reducing greenhouse gas emissions. This will help reduce the potential effect of future energy market price volatility and create a stable environment for VCE and its ratepayers. VCE faces significant budgetary pressures that have been subject to regulatory and market pressures outside of direct control, including rising Power Charge Indifference Adjustment (PCIA) costs and increasing market costs to procure resource adequacy supplies.

VCE's Board adopted a rate policy in November 2021 to set customer rates to recover operating costs and build reserve funds and an automatic rate adjustment policy to address environmental and regulatory changes within a budget year. VCE has also adopted a base green product to maintain its competitiveness with PG&E by offering a least-cost option to its customers. VCE has recovered from COVID, continues to build cash reserves, and maintained its credit lines for liquidity in 2023. Longer-term, A majority of VCE's long-term fixed-price renewable PPA's that began delivery in 2023. VCE customer rates, including PCIA costs, have been reduced to near zero in 2023. As forecasted average forward market energy prices decrease, PCIA costs are forecasted to increase for 2025. Current customer rates are forecasted to be stabilized due to offsetting resource adequacy (RA) and renewable energy credit (REC) costs remain high.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide VCE's board members, stakeholders, customers, and creditors with a general overview of the VCE's finances and to demonstrate VCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the Director of Finance and Internal Operations, 604 2<sup>nd</sup> Street, Davis, CA 95616.

**VALLEY CLEAN ENERGY ALLIANCE**

**STATEMENT OF NET POSITION**

**AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Unrestricted Cash	\$ 27,479,933	\$ 3,850,610
Accounts receivable, net of allowance	10,599,982	11,085,087
Accrued revenue	3,434,034	3,430,397
Prepaid expenses	42,169	-
Other current assets and deposits	1,806,883	1,806,883
<b>Total Current Assets</b>	<u>43,363,001</u>	<u>20,172,977</u>
Restricted assets:		
Cash in - debt service reserve fund	1,100,000	1,100,000
Cash in - power purchase reserve fund	-	2,709,273
<b>Total Restricted assets</b>	<u>1,100,000</u>	<u>3,809,273</u>
Noncurrent Assets		
Other noncurrent assets and deposits	1,893,604	152,313
<b>Total Noncurrent Assets</b>	<u>1,893,604</u>	<u>152,313</u>
<b>TOTAL ASSETS</b>	<u>\$ 46,356,605</u>	<u>\$ 24,134,563</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 446,056	\$ 399,529
Accrued cost of electricity	5,743,525	4,657,891
Accrued payroll	58,367	116,285
Interest payable	-	2,248
Due to member agencies	4,132	25,160
Other accrued liabilities	3,821,884	2,810,664
Line of credit	-	530,968
<b>Total Current Liabilities</b>	<u>10,073,964</u>	<u>8,542,745</u>
Noncurrent Liabilities		
Line of credit	-	181,284
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>181,284</u>
<b>TOTAL LIABILITIES</b>	<u>10,073,964</u>	<u>8,724,029</u>
<b>NET POSITION</b>		
Net position		
Designated - local program reserves	840,000	224,500
Restricted	1,100,000	3,809,273
Unrestricted	34,342,641	11,376,761
<b>TOTAL NET POSITION</b>	<u>\$ 36,282,641</u>	<u>\$ 15,410,534</u>

The accompanying notes are an integral part of these financial statements.

**VALLEY CLEAN ENERGY ALLIANCE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUE</b>		
Electricity sales, net	\$ 94,681,216	\$ 85,322,760
Other revenue	748,282	1,338,974
<b>TOTAL OPERATING REVENUES</b>	<b>95,429,498</b>	<b>86,661,734</b>
<b>OPERATING EXPENSES</b>		
Cost of electricity	68,527,737	75,130,283
Contractors	3,063,635	2,556,894
Staff compensation	1,450,487	1,282,519
Program expenses	1,014,792	1,168,019
General and administrative	813,019	759,754
<b>TOTAL OPERATING EXPENSES</b>	<b>74,869,670</b>	<b>80,897,469</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>20,559,828</b>	<b>5,764,265</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	327,157	46,501
Interest and related expenses	(14,878)	(86,468)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>312,279</b>	<b>(39,967)</b>
<b>CHANGE IN NET POSITION</b>	<b>20,872,107</b>	<b>5,724,298</b>
Net position at beginning of period	15,410,534	9,686,236
Net position at end of period	<b>\$ 36,282,641</b>	<b>\$ 15,410,534</b>

The accompanying notes are an integral part of these financial statements.

# VALLEY CLEAN ENERGY ALLIANCE

## STATEMENT OF CASH FLOWS

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from electricity sales	\$ 95,146,830	\$ 79,912,041
Payments for security deposits with energy suppliers	(1,741,291)	(152,313)
Payments to purchase electricity	(67,426,248)	(74,983,435)
Payments for contract services, program expenses, general, and administration	(3,896,896)	(4,167,896)
Payments for staff compensation	(1,508,405)	(1,230,143)
Other cash payments	748,282	1,530,367
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>21,322,272</b>	<b>908,621</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Principal payments of debt	(712,252)	(440,774)
Interest and related expense	(17,127)	(87,007)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(729,379)</b>	<b>(527,781)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	327,157	46,501
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>327,157</b>	<b>46,501</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>20,920,050</b>	<b>427,341</b>
Cash and cash equivalents at beginning of period	7,659,883	7,232,542
Cash and cash equivalents at ending of period	<b>\$ 28,579,933</b>	<b>\$ 7,659,883</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 20,559,828	\$ 5,764,265
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in net accounts receivable	485,105	(3,678,618)
(Increase) decrease in net accrued revenue	(3,637)	(1,662,204)
(Increase) decrease in prepaid expense	(42,169)	9,192
(Increase) decrease in other assets and deposits	(1,741,291)	39,080
Increase (decrease) in accounts payable	46,527	(45,513)
Increase (decrease) in accrued payroll	(57,918)	52,376
Increase (decrease) in due to member agencies	(21,028)	(92,785)
Increase (decrease) in accrued cost of electricity	1,101,489	146,848
Increase (decrease) in other accrued liabilities	1,011,220	445,877
Increase (decrease) in user taxes and energy surcharges	(15,854)	(69,897)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 21,322,272</b>	<b>\$ 908,621</b>

The accompanying notes are an integral part of these financial statements.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Valley Clean Energy Alliance (VCE) is a California joint powers authority created on January 1, 2017 and its voting members consist of the following local governments: the County of Yolo and the cities of Davis, Woodland and Winters (collectively, the “Member Agencies”). VCE is governed by an eight-member Board of Directors whose membership is composed of two elected officials representing each of the Member Agencies.

VCE’s mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. VCE provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code Section 366.2.

VCE began the delivery of electricity in June, 2018. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the California Independent System Operator and Pacific Gas and Electric Company.

**BASIS OF ACCOUNTING**

VCE’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

VCE’s operations are accounted for as a governmental enterprise fund, and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

**CASH AND CASH EQUIVALENTS**

For purpose of the Statement of Cash Flows, VCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments. Cash and cash equivalents include restricted cash which were the amounts restricted for debt collateral and power purchase reserve.

**DEPOSITS**

Deposits are classified as current and noncurrent assets depending on the length of the time the deposits will be held. Deposits include those for regulatory and other operating purposes.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**OPERATING AND NON-OPERATING REVENUE**

Operating revenues consists of revenue from the sale of electricity to customers. Interest income is considered non-operating revenue.

**REVENUE RECOGNITION**

VCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

**ELECTRICAL POWER PURCHASED**

In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE. Electricity costs include the cost of energy and ancillary services arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from VCE's participation in the California Independent System Operator's centralized market. The cost of electricity and ancillary services are recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position. In 2022, VCE entered a three (3) year contract with The Energy Authority for the electrical power purchased contract and completely transitioned to The Energy Authority by the end of 2023. As of December 31, 2023, \$677,754 was accrued as payable to SMUD, comprised of \$494,296 in accrued electricity costs and \$183,458 in accrued contractual services. As of December 31, 2022, \$5,131,217 was accrued as payable to SMUD, comprised of \$5,131,217 in accrued electricity costs and \$0 in accrued contractual services. As of December 31, 2023, \$3,880,145 was accrued as payable to VCE, comprised of \$3,813,945 in accrued electricity costs and \$66,200 in accrued contractual services and 0 accrued payable as of December 31, 2022.

**RENEWABLE ENERGY CREDITS**

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, VCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). VCE obtains Certificates with the intent to retire them, and does not sell or build surpluses of Certificates. An expense is recognized at the point that the cost of the RPS eligible energy is billed by the supplier. VCE is in compliance with external mandates and self-imposed benchmarks.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**STAFFING COSTS**

VCE pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. VCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. VCE provides compensated time off, and the related liability is recorded in these financial statements.

**INCOME TAXES**

VCE is a joint powers authority under the provision of the California Government Code, and is not subject to federal or state income or franchise taxes.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATION**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

**NET POSITION**

VCE reports net position balances in the following categories: Designated, Restricted, and Unrestricted. Local program reserves are designated funds as approved by the board in support of the VCE's mission and programs plan. Restricted funds are those restricted to a particular purpose, and that restriction is set out in the Contract Agreement. Unrestricted funds support the operating expenses or projects of the organization.

The following are the components of VCE's Net Position at December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Designated - local program reserves	\$ 840,000	\$ 224,500
Restricted	1,100,000	3,809,273
Unrestricted	34,342,641	11,376,761
Totals	<u>\$ 36,282,641</u>	<u>\$ 15,410,534</u>



**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**2. CASH AND CASH EQUIVALENTS**

VCE maintains its cash in interest and non-interest-bearing deposit accounts at River City Bank (RCB) of Sacramento, California. VCE's deposits with RCB are subject to California Government Code Section 16521 which requires that RCB collateralize public funds in excess of the FDIC limit of \$250,000 by 110%. VCE monitors its risk exposure to RCB on an ongoing basis. VCE's has not adopted its own Investment Policy and follows the investment policy of the County of Yolo.

**3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE**

Accounts receivable were as follows:

	December 31, 2023	December 31, 2022
Accounts receivable from customers	\$ 12,019,166	\$ 11,550,071
Allowance for uncollectible accounts	(1,419,184)	(464,984)
Accounts receivable, net	\$ 10,599,982	\$ 11,085,087

The majority of account collections occur within the first few months following customer invoicing. VCE estimates that a portion of the billed accounts will not be collected. VCE records reserves for its estimated uncollectible accounts as a reduction to the related operating revenues in the Statement of Revenues, Expenses and Changes in Net Position. Charges to reserve for uncollectible accounts for the year ended December 31, 2023 and 2022 were \$954,200 and \$846,600, respectively. Due to the COVID-19 pandemic, VCE could not to pursue collections due to state restrictions and expects to commence collections of remaining balances in 2023.

Accrued revenue presented in the Statements of Net Position represents revenue from customer electricity usage that has not been billed at the end of the period. Accrued revenue recognized for the years ended December 31, 2023 and 2022 was \$3,434,034 and \$3,430,397, respectively.

**4. DEBT**

**LINE OF CREDIT AND TERM LOAN**

In May 2018, VCE entered into a non-revolving, \$11,000,000 Credit Agreement (Agreement) with River City Bank (RCB) for the purpose of providing working capital to fund power purchases during seasonal differences in cash flow and reserves as needed to support power purchases. RCB requires collateral for the line of credit of \$1.1 million which is reported as restricted cash. Interest accrues on the outstanding balance and is payable each month and computed at One-Month LIBOR plus 1.75% per annum, subject to a floor of 1.75% per annum. The Agreement expired on May 15, 2019 with an option to extend the line for another six months. VCE extended the line of credit and the Agreement to November 15, 2019, with continuing extensions granted until August 31, 2020. At the expiration of the Agreement, any outstanding balance can be converted to an amortizing term loan which matures up to five years from conversion date. The Agreement contains various covenants that include requirements to maintain certain financial ratios, stipulated funding of debt service reserves, and various other requirements including the subordination of the member agency loans.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**LINE OF CREDIT AND TERM LOAN (CONTINUED)**

At the October 10, 2019 Board meeting the Board authorized VCE to convert an existing \$1,976,610 Credit Agreement balance to an amortizing 5-year term loan. VCE converted the Agreement to the loan and has paid the loan down to \$0 and \$712,252 as of December 31, 2023 and 2022, respectively. The interest rate was 3.57% fixed for the loan term.

In September 2020, VCE had agreed in principle to one-year renewals to September 1, 2021, for both the Agreement and the term loan. The Agreement limit was reduced from \$11,000,000 to a line of credit which allows up to \$5,000,000 for cash advances and up to \$2,000,000 for letters of credit, with the total of both to not exceed \$7,000,000. The interest rate on the line of credit was 2.00% at the close of business on December 31, 2022.

The 5-year term loan had been shortened to a maturity date of September 1, 2021, with the outstanding balance due at that time unless another renewal is agreed upon. In August 2021, VCE had a second modification of the term loan whereas VCE will pay the loan in equal monthly principal payments of \$32,943.50 beginning September 1, 2021. The final payment was due January 1, 2022, and will be for all outstanding principal and all accrued interest not yet paid. The interest rate was 3.57%, fixed for the loan term.

At the March 10, 2022 board meeting, the board approved an Amended and Restated Credit Agreement with RCB including the following amendments:

Line of Credit

- Cash Facility - \$2,000,000 increase in cash from \$5,000,000 to \$7,000,000
- Letter of Credit Facility - \$4,000,000 increase from \$7,000,000 to \$11,000,000
- Maturity: March 1, 2024
- Interest Rate: 2.00% (unchanged)

Term Loan

- Maturity: March 1, 2024
- Interest Rate: Fixed 3.57% (unchanged)

If VCE defaults on the line of credit, RCB may, by notice of the borrower, take any of the following actions:

- (a) terminate any obligation to extend any further credit hereunder (including but not limited to Advances) on the date (which may be the date thereof) stated in such notice;
- (b) declare all Advances and all indebtedness under the Notes then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, to be immediately due and payable without further demand, presentment, protest or notice of any kind; and
- (c) exercise and enforce any and all rights and remedies contained in any other Loan Document or otherwise available to Lender at law or in equity.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**LINE OF CREDIT AND TERM LOAN (CONTINUED)**

Debt principal activity and balances for all notes and loans were as follows:

	<u>Beginning</u>	<u>Addition</u>	<u>Payments</u>	<u>Ending</u>
Year Ended December 31, 2022				
River City Bank - Loan	1,153,026	-	(440,774)	712,252
Total	\$ 1,153,026	\$ -	\$ (440,774)	\$ 712,252
Amounts due within one year				(530,968)
Amounts due after one year				\$ 181,284
Year Ended December 31, 2023				
River City Bank - Loan	712,252	-	(712,252)	-
Total	\$ 712,252	\$ -	\$ (712,252)	\$ -
Amounts due within one year				-
Amounts due after one year				\$ -

At the February 10, 2022 Board meeting, the Board authorized VCE to agree to a short term line of credit with the County of Yolo in the amount of \$5,000,000. VCE withdrew \$3,000,000 from the line of credit and were paid in full as December 31, 2022. Interest and fees paid in year 2022 were \$25,000.

**5. DEFINED CONTRIBUTION RETIREMENT PLAN**

VCE provides retirement benefits to eligible employees through a 401(a) discretionary defined contribution plan and 457(b) deferred compensation plan (Plans). The Plans are administered by International City Management Association Retirement Corporation (ICMA-RC). At December 31, 2023, VCE had 4 plan participants. VCE contributes 7% of covered payroll and up to an additional 3% of covered payroll as a match to employee tax deferred contributions (into the 457(b) deferred compensation plan) into the 401(a) discretionary defined contribution plan.

For the years ended December 31, 2023 and 2022, VCE contributed \$76,681 and \$64,716, respectively. The Plans' provisions and contribution requirements as they apply to VCE are established and may be amended by the Board of Directors.

**6. OPERATING LEASE**

In 2018, VCE entered into a nine-month lease for its office space with the City of Davis. The most recent lease agreement renewal with the City covers the twelve months ending January 2024. Rental expense under this lease were \$26,376 and \$19,200 for the year ending December 31, 2023 and 2022, respectively. The total for future minimum lease payments are shown below:

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**6. OPERATING LEASE (CONTINUED)**

Year	Payments
2024	\$ 17,057
2025	17,569
2026	18,096
2027	18,638
Total	\$ 71,360

Management has reviewed lease agreements related to the new lease accounting rules under GASB 87. It has been determined that the office rent and a copier lease are the only operating leases for the period and are not material for the implementation of the new lease accounting requirements.

**7. RELATED PARTY TRANSACTIONS**

VCE entered into a cooperative agreement with each respective member agency to provide management, legal, accounting and administrative services. The services billed from the Member Agencies to VCE outstanding for the year ending December 31, 2023 and 2022 totaled \$4,132 and \$25,160, respectively. The total services billed from the Member Agencies to VCE for the years ending December 31, 2023 and 2022 totaled \$31,061 and \$54,432, respectively.

**8. RISK MANAGEMENT**

VCE is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters, for which VCE manages its risk by participating in the public entity risk pool described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. The joint powers authority is governed by a board consisting of representatives from member municipalities. The board controls the operations of the joint powers authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint powers authority are not VCE's responsibility.

VCE is a member of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) which provides coverage for general and auto liability and workers' compensation. Once VCE's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. In addition, the California Joint Powers Risk Management Authority (CJPRMA) provide coverage for amounts in excess of YCPARMIA's limits. YCPARMIA provides workers' compensation insurance coverage up to statutory limits, above VCE's self-insurance limit of \$1,000 per occurrence, and general and auto liability coverage of \$40,000,000, above VCE's self-insurance.

**VALLEY CLEAN ENERGY ALLIANCE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**8. RISK MANAGEMENT (CONTINUED)**

limit of \$1,000 per occurrence. For the year ended December 31, 2023 and 2022, VCE contributed \$36,470 and \$14,668 for coverage, respectively. Audited financial statements are available from YCPARMIA their website [www.ycparmia.org](http://www.ycparmia.org). Condensed information for YCPARMIA for the most recent available year end is as follows:

	YCPARMIA June 30, 2022
Total Assets	\$ 26,957,573
Deferred Outflows of Resources	\$ 297,375
Total Liabilities	\$ 24,505,895
Deferred Inflows of Resources	\$ 1,157,359
Net Position	\$ 1,591,694
Total Revenues	\$ 17,407,452
Total Expenses	\$ 19,416,024
Change in Net Position	\$ (2,008,572)

The June 30, 2022 were the most recent audited financial statements available at the time of the preparation of this report.

**9. COMMITMENTS AND CONTINGENCIES**

On October 25, 2017, VCE entered into an agreement with SMUD to provide on-going professional services, including, but not limited to: wholesale energy services, customer and data services, billing administration and reporting. As of December 31, 2023, VCE had outstanding non-cancelable commitments to SMUD for professional services to be performed estimated to be \$1.5 million. The agreement and non-cancelable commitments to SMUD ended on December 31, 2023.

**10. SUBSEQUENT EVENTS**

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its period ended December 31, 2023 through May 3, 2024 the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

Board of Directors  
Valley Clean Energy Alliance  
Davis, California

We have audited the financial statements of Valley Clean Energy Alliance as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated May 3, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 4, 2022 our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Valley Clean Energy Alliance solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal controls and other matters noted during our audit in a separate letter to you dated May 3, 2024.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Valley Clean Energy Alliance is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are upcoming Governmental Accounting Standards that we have listed in Attachment A.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimate affecting the financial statements is the estimate of accounts receivable.

Management's estimate of the allowance for doubtful accounts is based on actual revenues earned for the year which may not be collectible. We evaluated the key factors and assumptions used to develop the estimate of doubtful accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the accrued revenue is based on actual revenues earned but not yet billed for December 2023. We evaluated the key factors and assumptions used to develop the estimate of accrued revenue and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Valley Clean Energy Alliance's financial statements relate to revenue recognition.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have provided a listing of the misstatements identified by us as a result of our audit procedures and corrected by management which were material, either individually or in the aggregate, to the financial statements taken as a whole. There was a PJE in the prior year audit that management posted that we had to post in the current year in attachment B.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Valley Clean Energy Alliance's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated May 3, 2024. (Attachment C)

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Valley Clean Energy Alliance, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Valley Clean Energy Alliance's auditors.



***James Marta & Company LLP***  
***Certified Public Accountants***

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This report is intended solely for the information and use of the Board of Directors, and management of Valley Clean Energy Alliance and is not intended to be and should not be used by anyone other than these specified parties.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
May 3, 2024

As of December 31, 2023

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Plan in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Plan. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

**GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

*Effective for the fiscal year ending June 30, 2024*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

**GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance**

*Effective immediately*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of the preceding statements have been updated to reflect the impact of the issuance of GASB 95.

**GASB Statement No. 96, Subscription-Based Information Technology Arrangements**  
*Effective for the fiscal year ending June 30, 2024*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

**GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32**

*Effective dates vary*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**Adjusting Journal Entries**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 2</b>			
PBC - to record the expense relating to the penalties.			
41510-0000	POWER PURCHASES	491,678	
23040-0000	ACCRUED COST OF ELECTRICITY		491,678
<b>Total</b>		<b>491,678</b>	<b>491,678</b>
<b>Adjusting Journal Entries JE # 4</b>			
PBC - To adjust AR balance and tie out to AR Aging.			
13725-0000	NEM RECEIVABLE	331,500	
23020-0000	NEM CREDITS	58,348	
30110-0000	RESIDENTIAL SALES	23,224	
30120-0000	COMMERCIAL & INDUSTRIAL SALES	15,483	
13710-0000	BILLED REVENUES		38,707
30115-0000	NEM CREDITS - RESIDENTIAL		198,900
30115-0000	NEM CREDITS - RESIDENTIAL		35,009
30125-0000	NEM CREDITS - C&I		132,600
30125-0000	NEM CREDITS - C&I		23,339
<b>Total</b>		<b>428,555</b>	<b>428,555</b>

**Reclassifying Journal Entries**

Account	Description	Debit	Credit
<b>Reclassifying Journal Entries JE # 3</b>			
PBC - to reclass the cash balance to program reserve.			
12310-0000	Cash - Local Program Reserve	840,000	
13110-0000	CASH - CHECKING		840,000
<b>Total</b>		<b>840,000</b>	<b>840,000</b>



**MANAGEMENT REPRESENTATION LETTER**

May 3, 2024

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, CA 95825

This representation letter is provided in connection with your audit of the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Net Position and the statement of cash flows of Valley Clean Energy Alliance for the periods ended December 31, 2023 and 2022, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Valley Clean Energy Alliance in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 3, 2024:

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 4, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements and the proposed journal entry at Attachment 1.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

604 2nd Street Davis, CA 95616 | 530-446-2750 | [info@valleycleanenergy.org](mailto:info@valleycleanenergy.org) | [valleycleanenergy.org](http://valleycleanenergy.org) 2 of 5

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Valley Clean Energy Alliance has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Valley Clean Energy Alliance is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Valley Clean Energy Alliance has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



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Edward Burnham, Director of Finance & Internal Operations



**Attachment 1**

**Adjusting Journal Entries**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE #2</b>			
PBC - to record the expense relating to the penalties			
41510-0000	POWER PURCHASES	491,678	
23040-0000	ACCRUED COST OF ELECTRICITY		491,678
<b>Total</b>		<b>491,678</b>	<b>491,678</b>
<b>Adjusting Journal Entries JE #4</b>			
PBC - To adjust AR balance and tie out to AR Aging			
13725-0000	NEM RECEIVABLE	331,500	
23020-0000	NEM CREDITS	58,348	
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13710-0000	BILLED REVENUES		38,707
30115-0000	NEM CREDITS - RESIDENTIAL		198,900
30115-0000	NEM CREDITS - RESIDENTIAL		35,009
30125-0000	NEM CREDITS - C&I		132,600
30125-0000	NEM CREDITS - C&I		23,339
<b>Total</b>		<b>428,555</b>	<b>428,555</b>

**Reclassifying Journal Entries**

Account	Description	Debit	Credit
<b>Reclassifying Journal Entries JE #3</b>			
PBC - to reclass the cash balance to program reserve.			
12310-0000	Cash - Local Program Reserve	840,000	
13110-0000	CASH - CHECKING		840,000
<b>Total</b>		<b>840,000</b>	<b>840,000</b>



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

*Independent Auditor's Report*

Board of Directors  
Valley Clean Energy Alliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Valley Clean Energy Alliance, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Valley Clean Energy Alliance's basic financial statements, and have issued our report thereon dated May 3, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Valley Clean Energy Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Valley Clean Energy Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Clean Energy Alliance's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

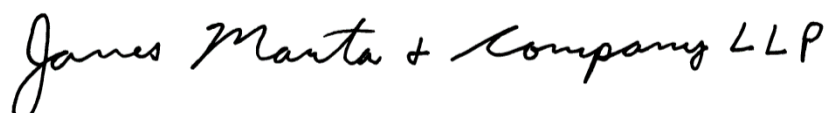
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valley Clean Energy Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication should not be used for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
May 3, 2024

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 9**

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**TO:** Board of Directors

**FROM:** Mitch Sears, Executive Officer  
Yvonne Hunter, Legislative and Program Specialist  
Mark Fenstermaker, Pacific Policy Group; VCE Lobbyist

**DATE:** June 13, 2024

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**RECOMMENDATION**

Support the Administration’s proposed budget trailer bill language to raise the statutory cap on the Energy Resources Program Account (ERPA).

**BACKGROUND/ANALYSIS**

Recently, the California Energy Commission (CEC) approached CalCCA and individual CCAs, including VCE, requesting support for the Governor’s budget trailer bill language that would raise the statutory cap on the Energy Resources Program Account (ERPA), tie the statutory cap to the Consumer Price Index and extend the surcharge to behind-the-meter electricity consumption.

ERPA is the main source of funds supporting the CEC’s operations. The primary source of revenue for ERPA is a surcharge on retail electricity sales, which is currently set to the statutory maximum of \$0.0003 per kWh. This surcharge generated \$71.6 million in 2022-23. On average, a California ratepayer pays about 16 cents per month for the surcharge—or about \$2 annually. According to the Administration, the current level of revenues generated by this surcharge is insufficient to support CEC sustainably. In 2024-25, the Governor’s Budget includes \$95.7 million in expenditures from ERPA, which continues a structural deficit in the fund. Without action, ERPA is projected to become insolvent in 2027-28.

The Administration reports that the deficit is the result of several factors. These include growth in the scope of CEC’s roles and responsibilities in the last several years, as clean energy, electrification, and energy reliability have become key in reaching the state’s climate change goals. Also, because the surcharge applies only to retail electricity sales, revenues are expected to decrease as a result of behind the meter (BTM) rooftop solar, wind and non-utility generation increases.

///

To address this structural deficit, the Governor's Budget includes trailer bill language that would, beginning January 1, 2025: (1) adjust the surcharge cap to \$0.00066 per kWh; (2) tie the surcharge cap to the Consumer Price Index; and (3) apply the ERPA surcharge to BTM energy consumption. The amount currently charged ratepayers (about \$0.16/month) is relatively minor. Additionally, an increase in the surcharge would not be automatic. Rather, each year, the CEC will forecast the impact of projected expenditures (including the cost of new mandates, salary increases, etc.) on the fund balance. If those projections show the ERPA fund balance would drop below the prudent reserve in the upcoming year, the CEC would propose a surcharge increase for adoption at a November business meeting of the Commission sufficient to maintain the reserve.

If the Budget Trailer bill language is enacted, the new surcharge would not increase immediately and would not reach the full authorized level (\$0.33/month) for many years. And, since the funds from this account are NOT continuously appropriated, each year the Legislature would have full control over whether the increase is needed.

CalCCA has adopted a support position. The VCE LegReg Task Group discussed this issue at a recent meeting (without a full complement of members). Due to the tight timeframe, the CAC has not had a chance to consider the issue.

#### **CONCLUSION**

Staff recommends that VCE support the Budget trailer language related to the ERPA surcharge. Given the importance of the work the CEC does relative to clean energy, reliability, electrification and climate change, and the fact that VCE works closely with the CEC on several projects of mutual interest, staff believes that a support position is appropriate.

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 10**

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**TO:** Board of Directors

**FROM:** Gordon Samuel, Chief Operating Officer

**SUBJECT:** Approval of the Third Amendment to the Willow Springs Solar 3 LLC Power Purchase Agreement

**DATE:** June 13, 2024

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**RECOMMENDATION**

Staff recommends the Board adopt a resolution that:

1. Authorizes the Executive Officer to execute the Third Amendment to the power purchase agreement (PPA), in consultation with General Counsel, to make minor changes including schedule to the PPA so long as the term and price are not changed.

**ANALYSIS**

VCE entered into a PPA with Willow Springs Solar 3 LLC on October 15, 2021. The project has been under construction and is nearly complete. The Willy 9 Chap 2 project (formerly Willow Springs 3 solar project) consists of a 72 MW photovoltaic (PV) field combined with a 36 MW (144 MWhs) lithium-ion battery energy storage system (BESS). The PV portion of the project has been on-line and producing energy in 2023. VCE has been receiving the output from the PV portion of the facility since January 1, 2024. The BESS is onsite but is awaiting final approvals from the Kern County Fire Department. With the uncertainties of the timing of this approval from the fire department, the parties have been working on modifying dates in the PPA to address the impacts of the BESS delay. To date, the delay of the BESS has not caused any financial harm to VCE.

**CONCLUSION**

Staff is recommending the Board authorize the Executive Officer to finalize and execute the amendment to the PPA to accommodate the BESS delay.

**Attachments**

1. Draft Third Amendment to PPA
2. Resolution 2024-XXX

### THIRD AMENDMENT TO RENEWABLE POWER PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO RENEWABLE POWER PURCHASE AGREEMENT, dated as of June \_\_, 2024 (the “Third Amendment”), is by and between Chaparral Springs, LLC, a Delaware limited liability company, successor by merger of Willow Springs Solar 3, LLC (the “Seller”) and Valley Clean Energy Alliance, a California joint powers authority (the “Buyer”). Capitalized terms used but not defined herein have the meanings assigned to them in the PPA (as defined below).

A. The parties hereto entered into that certain Renewable Power Purchase Agreement, dated as of October 15, 2021, as amended by that certain First Amendment to Renewable Power Purchase Agreement, dated as of December 15, 2022, as amended by that certain Second Amendment to Renewable Power Purchase Agreement, dated as of December 27, 2023, as further amended, modified or supplemented from time to time (the “PPA”).

B. The parties desire to amend the PPA as more fully described herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and subject to the conditions set forth herein, the parties hereto agree as follows:

#### SECTION 1. Amendment.

a. The Expected Date for Completion of the Guaranteed Commercial Operation Date Milestone listed on the Cover Sheet is hereby changed to [REDACTED]

b. The definition of “Delay Damages” in Article 1 is hereby amended and restated in its entirety as follows:

““**Delay Damages**” means Daily Delay Damages, Total Nose Period Arbitrage Damages, Commercial Operation Delay Damages, and the Second Extension Damage Payment.”

c. The definition of “Nose Period Delivery Term” in Article 1 is hereby amended and restated in its entirety as follows:

““**Nose Period Delivery Term**” means the time period from the beginning of the Nose Period Delivery Term Phase 1 to the end of the Nose Period Delivery Term Phase 2.”

d. The definition of “Monthly BESS RA Amount” in Article 1 is hereby amended and restated in its entirety as follows:

““**Monthly BESS RA Amount (Nose Period)**” means, with respect to each month of the Nose Period Delivery Term Phase 1, thirty-six (36) MW of resource adequacy benefits equivalent to those Resource Adequacy Benefits that would have been associated with the Storage Facility with respect to such month if the Storage Facility had been operational.”

e. The following new definitions are hereby added to Article 1 in the appropriate alphabetical position(s):

“**Nose Period Delivery Term Phase 1**” means the period from [REDACTED], to (and including) [REDACTED].”

“**Nose Period Delivery Term Phase 2**” means the period from (and including) [REDACTED], to the earlier of: (a) the commencement of the Delivery Term, or (b) the Guaranteed Commercial Operation Date.”

“**Nose Period Replacement RA Costs**” has the meaning set forth in Section 20.2.”

“**Second Extension Damage Payment**” has the meaning set forth in Section 20.6.”

“**Third Amendment**” means that certain Third Amendment to the Agreement, dated as of June \_\_\_\_, 2024.”

f. Section 11.3(a)(i) is hereby amended and restated in its entirety as follows:

“(i) [REDACTED]”

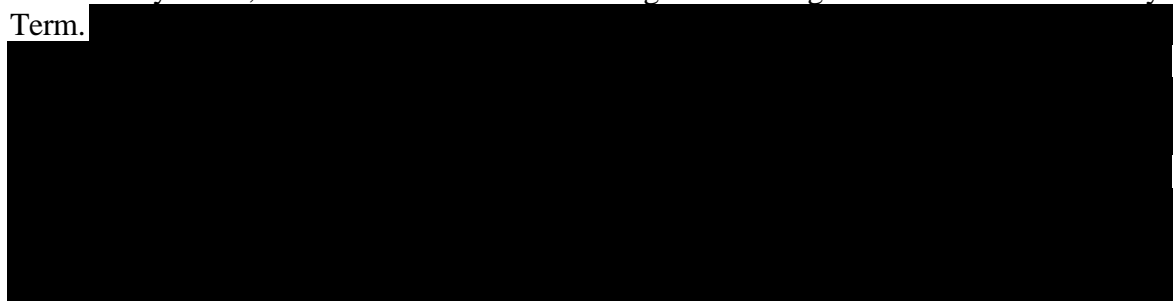
g. Section 11.9 is hereby amended and restated in its entirety as follows:

“ [REDACTED]”



h. Section 20.2 is hereby amended and restated in its entirety as follows:

“20.2 **Nose Period BESS RA**. For each month during the Nose Period Delivery Term Phase 1, Seller shall sell and Buyer shall purchase the Monthly BESS RA Amount (Nose Period) at the Nose Period BESS RA Rate, provided that such Monthly BESS RA Amount (Nose Period) must be communicated by Seller to Buyer in a Notice substantially in the form of Exhibit U at least forty-five (45) days before the applicable Showing Month for the purpose of including in Buyer’s RA Compliance Showing for such Showing Month. Except as set forth in this Article 20, the terms and conditions of the Agreement generally applicable to the delivery of, receipt of, and payment for Replacement RA shall apply to the delivery of, receipt of, and payment for the Nose Period BESS RA during the Nose Period Delivery Term, as reasonably conformed to account for the Nose Period terms, provided that if there is any conflict between the terms of Article 20 and the rest of the Agreement during the Delivery Term, the terms of Article 20 shall govern during the Nose Period Delivery Term.



(Nose Period) (such amount, the “**Nose Period Replacement RA Costs**”).”

i. Section 20.3 is hereby amended and restated in its entirety as follows:

“20.3 **Storage Facility Arbitrage Damages**.



j. Section 20.5 is hereby amended and restated in its entirety as follows:

“20.5 **Sole Remedy**. Seller’s provision of Nose Period PV Products, Nose Period BESS RA (and associated Nose Period Replacement RA Costs), Daily Nose Period Arbitrage Damages, and the Second Extension Damage Payment shall together be the only

consideration and sole remedy for the delayed start to the Delivery Term as agreed to pursuant to the Second Amendment and the Third Amendment.”

k. A new Section 20.6 is hereby added to the Agreement as follows:

“20.6 **Nose Period Delivery Term Phase 2 Payment.** [REDACTED]

).”

l. A new Section 2.c. of Exhibit B is hereby added to the PPA as follows:

“c. [REDACTED]

m. Appendix 1, and Appendix 2 attached hereto shall be added as an amended “Exhibit V”, and “Exhibit W” to the Agreement.

SECTION 2. PPA. Except as expressly set forth herein, the Third Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the parties under, the PPA.

SECTION 3. Governing Law. This Third Amendment has been delivered in the State of California and shall be in all respects governed by and construed in accordance with the laws of the State of California, including all matters of construction, validity, and performance without giving effect to the conflicts of law provisions thereof.

SECTION 4. Counterparts. This Third Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, by facsimile or electronic mail, and all of said counterparts taken together shall be deemed to constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same document. A facsimile or portable document format (“.pdf”) signature page shall constitute an original for all purposes hereof.

SECTION 5. Headings. The Section headings used herein are for convenience of reference only, are not part of this Third Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Third Amendment.

SECTION 6. Severability. Any provision of this Third Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition of unenforceability without invalidating the remaining provisions hereof, and any such prohibition of unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed and delivered as of the date first written above.

**CHAPARRAL SPRINGS, LLC,**  
A Delaware limited liability company

By: RBCS Holding, LLC, its sole member  
By: RCS Member, LLC, its managing member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**VALLEY CLEAN ENERGY ALLIANCE,**  
A California joint powers authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Appendix 1

**EXHIBIT V**

**DAILY NOSE PERIOD ARBITRAGE DAMAGES RATE**

<b>Month</b>					
January					
February					
March					
April					
May					
June					

Appendix 2

**EXHIBIT W**

**EXPECTED ENERGY (NOSE PERIOD)**

<b>Month</b>	<b>Expected Energy (MWh/month)</b>
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2024-\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE (VCE)  
APPROVING THE THIRD AMENDMENT TO THE POWER PURCHASE AGREEMENT (PPA) WITH  
WILLOW SPRINGS SOLAR 3, LLC AND AUTHORIZING THE EXECUTIVE OFFICER IN  
CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE AMENDMENT**

**WHEREAS**, VCE staff engaged reputable renewable developers in a bilateral process to address near-term compliance obligations and long-term cost challenges; and

**WHEREAS**, VCE determined the project(s) that were best suited for VCE’s needs and with power available on a time line that also met VCE’s power needs; and

**WHEREAS**, Leeward Renewable Energy proposed to construct a 72-MW AC solar photovoltaic facility coupled with a 36-MW/144MWh (4-hour) lithium-ion battery energy storage system, near the city of Rosamond in Kern County, California; and

**WHEREAS**, a PPA had been negotiated with Leeward Renewable Energy for VCE to procure output from the Willow Springs Solar 3 project (note: project has since been renamed to Willy 9 Chap 2) for 15 years; and

**WHEREAS**, Willow Springs Solar 3, LLC is an indirect subsidiary of Leeward Renewable Energy (LRE), LLC; and

**WHEREAS**, on October 14, 2021 the Board approved Resolution 2021-020 which authorized VCE to enter into a PPA with Willow Springs Solar 3, LLC; and,

**WHEREAS**, LRE has constructed a 72-MW AC solar photovoltaic (PV) facility coupled with a 36-MW/144MWh (4-hour) lithium-ion battery energy storage system (BESS), near the city of Rosamond in Kern County, California; and

**WHEREAS**, in December 2023, output from the PV facility was expected to be delivered on schedule but the output from the BESS was delayed due to final approvals from the Kern County Fire Department; and,

**WHEREAS**, on December 14, 2023 the Board approved Resolution 2023-018 authorizing the Executive Officer, in consultation with legal counsel, to approve minor changes including schedule so long as the term and price are not changed; and,

**WHEREAS**, output from the PV facility is delivering on schedule and, again, output from the BESS is further delayed due to final approvals from the Kern County Fire Department causing a delay in the dates outlined in the PPA; and



**WHEREAS**, the parties are amending the PPA to address the delay.

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

1. The Executive Officer is authorized to execute the Third Amendment to the Willow Springs Solar 3 PPA and associated agreements, and, in consultation with legal counsel, is authorized to approve minor changes including schedule so long as the term and price are not changed.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

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Lucas Frerichs, VCE Chair

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Alisa M. Lembke, VCE Board Secretary

Attachment: Draft Third Amendment

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 11

**TO:** Board of Directors

**FROM:** Mitch Sears, Executive Officer  
Gordon Samuel, Chief Operating Officer  
Alisa Lembke, VCE Board Clerk/Administrative Analyst

**SUBJECT:** Consider Reappointment/Appointment of At-Large seats and City of Davis jurisdiction vacant seat on Community Advisory Committee

**DATE:** June 13, 2024

#### RECOMMENDATION

1. Consider reappointments to three (3) At-Large seats for a three (3) year term to expire in June 2027 (Class 3);
2. Approve recommendation of appointment from the jurisdiction Board Members (City of Davis) to vacant City of Davis jurisdiction seat for two (2) years to expire in June 2026 (Class 2); and,
3. Continue to solicit candidates for vacant unincorporated Yolo County jurisdiction seat.

#### BACKGROUND/ANALYSIS

The Board at their September 9, 2021 meeting, adopted a [revised Community Advisory Committee \(CAC\) structure](#) with eleven total members: eight jurisdictional members (two per jurisdiction) and three additional seats for At-large members intended to fill specific subject matter expertise/experience areas. VCE currently has two jurisdiction vacancies: City of Davis and unincorporated Yolo County. The three (3) At-Large appointments (Class 3) expire in June 2024. Staff advertised on VCE's website, social media, through local newspapers and jurisdiction partners seeking applicants for the Davis, unincorporated Yolo County, and At-Large seats.

The process for CAC applications to fill *jurisdictional* seats is:

- Staff reviews the application and confirms that the applicant resides within the jurisdiction they are being considered to represent and is a current VCE customer;
- the applications are provided to the jurisdiction Board members for review and consideration;
- the jurisdictional Board Members recommend who to appoint to represent their jurisdiction at a Board meeting; and,
- the VCE Board collectively votes who to appoint or reappoint to each seat taking into consideration the jurisdiction Board members' recommendation.

The process for At-Large applications is, Staff:

- reviews the application and confirms that the applicant is a current VCE customer;
- reviews the application along with the At-Large guidelines;
- considers the applicant’s subject matter expertise/experience related to the goals contained in the VCE Strategic Plan, including:
  - Energy Sector (e.g. procurement)
  - Community engagement
  - Environmental Justice
  - Agricultural Sector
  - Grid reliability and sustainability
  - Decarbonization; and,
- provides a recommendation to the Board for reappointment/appointment.

Over the past several years, appointments have been made to the three (3) At-Large seats (Class 3), they are as follows:

- Lorenzo Kristov (November 2021, prior to CAC structure reorganization, held City of Davis seat since July 2017);
- Keith Taylor (May 2022); and,
- Danielle Ballard (September 2023).

Each of these incumbent At-Large CAC Members are seeking reappointment. We have received one (1) application for an At-Large seat, who is also a resident of the City of Davis.

The City of Davis jurisdictional seat has been vacant since October 2023 and the unincorporated Yolo County seat has been vacant since December 2023. Both of these seats are within Class 2, term expiring June 2026.

A few applications were on file from residents of the City of Davis, who had previously applied for consideration for appointment to vacant Davis seats. Staff contacted those applicants and there was no interest in being reconsidered for appointment.

In response, a total of four (4) new applications were received – one (1) for At-Large and three (3) for the City of Davis seat. Staff reviewed the four (4) applications and confirmed that each are VCE Customers. In summary:

**At-Large:**

- Robert Traverso is interested in ensuring that VCE is a viable, reliable, cost-effective, cost-competitive option providing renewable resources to VCE customers; he is interested in reducing carbon-emissions and greenhouse gases; he has been a participant of home solar systems for 12 years, including battery backup, and electric vehicles; and, he has over 38 years working with government, public and private agencies including working on the first commercial scale photo-voltaic system in the City of Davis. Lastly, Mr. Traverso is a City of Davis resident.

**City of Davis:**

- Ari Halberstadt is interested in creating a clean, equitable and sustainable energy system; he has over 12 years experience in energy and sustainability working with nonprofits, local governments and utilities; he has been involved with a grant proposal to enable community microgrids, a supporter of renewable energy ordinance to require renewable generation on new construction, and as a volunteer where he assisted in a local-certification program for solar energy companies to hire locally; and, has an interest in supporting VCE's mission and help create the energy system of the future.
- Mitchell Marubayashi is passionate about solving the global warming crisis by decarbonizing our energy systems; he has experience working with community organizations and has a broad knowledge of the energy consumer experience; is a small family farmer and has a good understanding of government programs, political economics, and the legislative process; and, is interested in promoting a model for decarbonizing of energy supply and community investment.
- Mark Murray is interested in expanding and promoting the community's efforts to be the model for clean energy; he is a proponent and participant of solar energy, electric vehicles, electric heat pump, and the promotion of the economic benefits for homeowners to go electric; and, he has over 35 years of experience in researching, developing, advocating and monitoring public policy in the environmental, waste reduction and recycling realms and has served on numerous advisory bodies.

Staff provided all four (4) applications to the jurisdiction Board Members (City of Davis), for their review and consideration for recommendation to the Board for appointment. Although Mr. Traverso is seeking appointment to an At-Large seat, consistent with past practice, since he is a resident of Davis, Staff provided his application to the City of Davis jurisdiction Board Members.

**Davis VCE Board Members**

The VCE Board Members from the City of Davis reviewed the applications and would like to acknowledge the richness of the applicant pool and their gratitude that so many greatly qualified people are willing to serve on the CAC as representatives of the City of Davis. While each possessed important qualifications, the following candidate is being recommended for appointment to the vacant City of Davis seat:

- Ari Halberstadt

The three candidates not recommended at this time are:

- Mitch Marubayashi
- Mark Murray
- Robert Traverso

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**At-Large Seats:**

After a review of Mr. Traverso’s application and the requirements of the At-Large selection guidelines, Staff recommend reappointing the following to the three (3) At-Large seats:

- Lorenzo Kristov – Energy Sector
- Keith Taylor – Energy Sector Research
- Danielle Ballard – Agricultural/Customer Service

**CONCLUSION**

Staff recommends:

1. Reappointing Lorenzo Kristov, Keith Taylor and Danielle Ballard to the three (3) At-Large seats for a three (3) year term to expire in June 2027 (Class 3);
2. Approve recommendation from the jurisdiction Board Members (City of Davis) to appoint Ari Halberstadt to the vacant City of Davis jurisdiction seat for two (2) years to expire in June 2026 (Class 2); and,
3. Have Staff continue to solicit candidates for vacant unincorporated Yolo County jurisdiction seat until filled.

For your information, below is a listing of the other “classes” and expiration terms:

**CLASS 1 - term expires in June 2025:**

Winters Rep. – David Springer

Woodland Rep. – Mark Aulman

Davis Rep. – Rahul Athalye

Yolo County Rep. – Cynthia Rodriguez

**CLASS 2 - term expires in June 2026:**

Winters Rep. – Jennifer Rindahl

Woodland Rep. – Diccon Westworth

Davis Rep. – Vacant

Yolo County Rep. – Vacant

**Attachments:**

Four (4) CAC Applications (REDACTED):

1. Ari Halberstadt
2. Mitch Marubayashi
3. Mark Murray
4. Robert Traverso



Received on:

5/31/2024 AML

Return to:

Valley Clean Energy  
604 Second Street  
Davis, CA 95616

VALLEY CLEAN ENERGY  
COMMUNITY ADVISORY COMMITTEE  
APPLICATION

**PERSONAL DATA SHEET**

Name:    Are you at least 18 years old?   
Last First Middle

Home Address:    
Number/Street City/State/Zip

Email Address:     
Daytime Phone Evening/Weekend Phone

Business Title or Occupation:

Company/Organization:

Address:    
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

- City of Davis  City of Woodland  County of Yolo (Unincorporated)  City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat?  Yes  No

**Background Information:**

Why do you wish to serve as a member of the VCE Community Advisory Committee?

I am focused on creating a clean, equitable, and sustainable energy system. I believe Valley Clean Energy has an important part in this transition and I look forward to applying my experience and abilities to help VCE achieve its mission and help to create the energy system of the future.

I have over 12 years experience in energy and sustainability, an MBA in which I focused on innovation and the energy transition, and an advanced degree in the biological sciences and experience in software engineering. I have been a co-founder of a cleantech company and have worked with nonprofits, local government, and utilities. My experience encompasses a broad understanding of energy issues and demonstrated ability to advance and implement solutions. I envision a more equitable grid with significant distributed resources that benefit more people, improve resilience, and protect and restore the earth and its wildlife.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

I have focused on the clean energy transition for over 12 years, with experience spanning technology, business, and policy.

I am currently involved in developing novel approaches to grid and energy system modernization. I am involved in an initiative to create a new approach and product vision for a scalable roadmap to enable locally owned community microgrids that provide lower-cost equitable access to resilient and clean energy. Our approach can cut energy costs, increase local renewable generation, slash greenhouse gas emissions, increase resiliency, and address interconnection delays, while allowing for integration with new technologies like V2G. To accomplish this, I am building partnerships with cities and organizations to inform, facilitate, and develop local resilient distributed energy solutions. I am pursuing grants to fund this work in collaboration with cities in Yolo County and with VCE's support.

I have extensive experience in load flexibility and distributed energy resources, a topic directly relevant to grid modernization and current projects at VCE. As co-founder at Extensible Energy, I created a service to provide load flexibility and enable grid-interactive buildings to support a grid with high-penetrations of renewable power. I understand the opportunities and challenges associated with advanced load control, associated technologies, end-customer concerns and issues, as well as enabling systems such as time-varying rates and automated controls. I worked with and am familiar with a range of customers, including businesses, small churches serving lower-income communities, and a central-valley school district. I continue to consult on related projects, such as a transactive load flexibility system. As part of this work, we participated in the California Energy Commission's CalFlexHub project to test the use of hourly time varying rates in our system; VCE is now integrating an hourly rate using the CEC's system.

My experience working with cities, nonprofits, and utilities on energy issues provides additional proven skills relevant to the role of community advisor. I consulted on innovative renewable energy policies with San Francisco, including interacting with multiple stakeholders and performing a detailed analysis of solar costs and benefits. At a nonprofit, I led work on a local solar certification program to promote living wages and local purchases. I have worked on pilot projects with utilities on load flexibility and managed EV charging. I have also worked on creating guidelines for utilities to deploy programs integrating community solar, load flexibility, and battery storage. These guidelines were developed with input from SMUD and from multiple rural and cooperative utilities.

Please list your previous and present governmental and civic experience. Indicate when, position and duties:

I led creation of a recent grant proposal to California's Office of Planning and Research to enable community microgrids, which included the City of Davis as co-applicant, with Valley Clean Energy and Woodland as several of the supporters on the proposal. The grant would fund development of a stakeholder-informed roadmap and toolkit to simplify the development of community microgrids across the state, prioritizing energy self-sufficiency, affordability, and sustainability. By focusing on locally-owned and operated microgrids, we will create clean, resilient energy networks capable of withstanding extreme heat and other climate-related disruptions.

I am a board member and on the finance committee at Peregrine School, a private school providing childcare and elementary education. This has allowed me to help support the school in fulfilling its educational mission. As a member of the finance committee, I have worked on financial matters including budgets and have proposed financial changes to support the environment. I was previously a board member and the treasurer for the Northern California Chapter of the Society of Environmental Toxicology and Chemistry (Norcal SETAC), an environmental toxicology nonprofit with a strong educational mission and support for students in environmental toxicology.

As a consultant to the San Francisco Department of the Environment, I provided support for a renewable energy ordinance to require renewable generation on new construction. I worked closely with the city and participated in stakeholder meetings to understand the range of perspectives of various constituencies. I provided advice and a detailed analysis of the costs and benefits of the ordinance across multiple building types. This ordinance was integrated along with a green roofs initiative, and ultimately became the first such requirement in the nation. I also consulted with the department to support a Healthy Nail Salons program to mitigate exposure to toxic chemicals by nail salon workers, who are often economically disadvantaged and particularly vulnerable to exposure.

At Solar Sonoma County, as a volunteer, I led creation of a ground-breaking local-certification program for solar energy companies that incorporated local hiring and fair wage guidelines. For California's Office for Environmental Health Hazard Assessment I provided research and advice on incorporating hazards into regulations.

List any special training or experience you have that you feel would benefit your committee service:

As noted above, I have extensive experience directly relevant to the committee's work. This includes my years of experience in energy and sustainability, my MBA in which I focused on innovation and the energy transition, and an advanced degree in the biological sciences and experience in software development. My experience includes advanced load-flexibility spanning thermal and electric systems and business creation and technology development. I have worked with nonprofits, local government, and utilities. I have served on the boards of a for-profit company and of two nonprofits, including roles as treasurer and finance committee member. I hold an MBA from UC Davis and an MSc from UNC Chapel Hill.

Do you have any interests or associations which might present a conflict of interest?  
If yes, please explain:

No.

What do you feel are your most important qualifications?

I have been working in the clean energy space for over 12 years. I have a breadth of knowledge and skills, including in technology, business, and the environment, and bring an integrative approach to understanding and solving issues. I work collaboratively with others to identify and accomplish shared goals and seek out different perspectives. I believe that I have the qualifications and skills to contribute to the work of the Community Advisory Committee.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

Some issues communities in VCE's territory will face include:

The provision of reliable, safe, and affordable energy. PGE's electricity grid is increasingly unreliable and dangerous, sparking massive fires, killing people, and destroying towns. At the same time, PGE's rates continue to skyrocket. Ways to stabilize the grid and ensure affordable energy must be implemented. The utility business model needs to evolve as well, and different approaches implemented to access the grid and provide power.

Climate change requires many changes to our energy systems, including decarbonization (which has many other benefits as well). Climate change increases hazards, including extreme heat, wildfires, drought, and grid instability. VCE has an important role in finding and supporting solutions, and in implementing the changes.

Energy use in buildings must be improved. Buildings must be electrified, a significant undertaking with no current clear path to 100% electrification in the necessary timeframe. New buildings must be built from the start to be all electric, while existing buildings must transition to all-electric systems. Buildings must be made more energy efficient as well. This requires code changes and workforce development, among other factors.

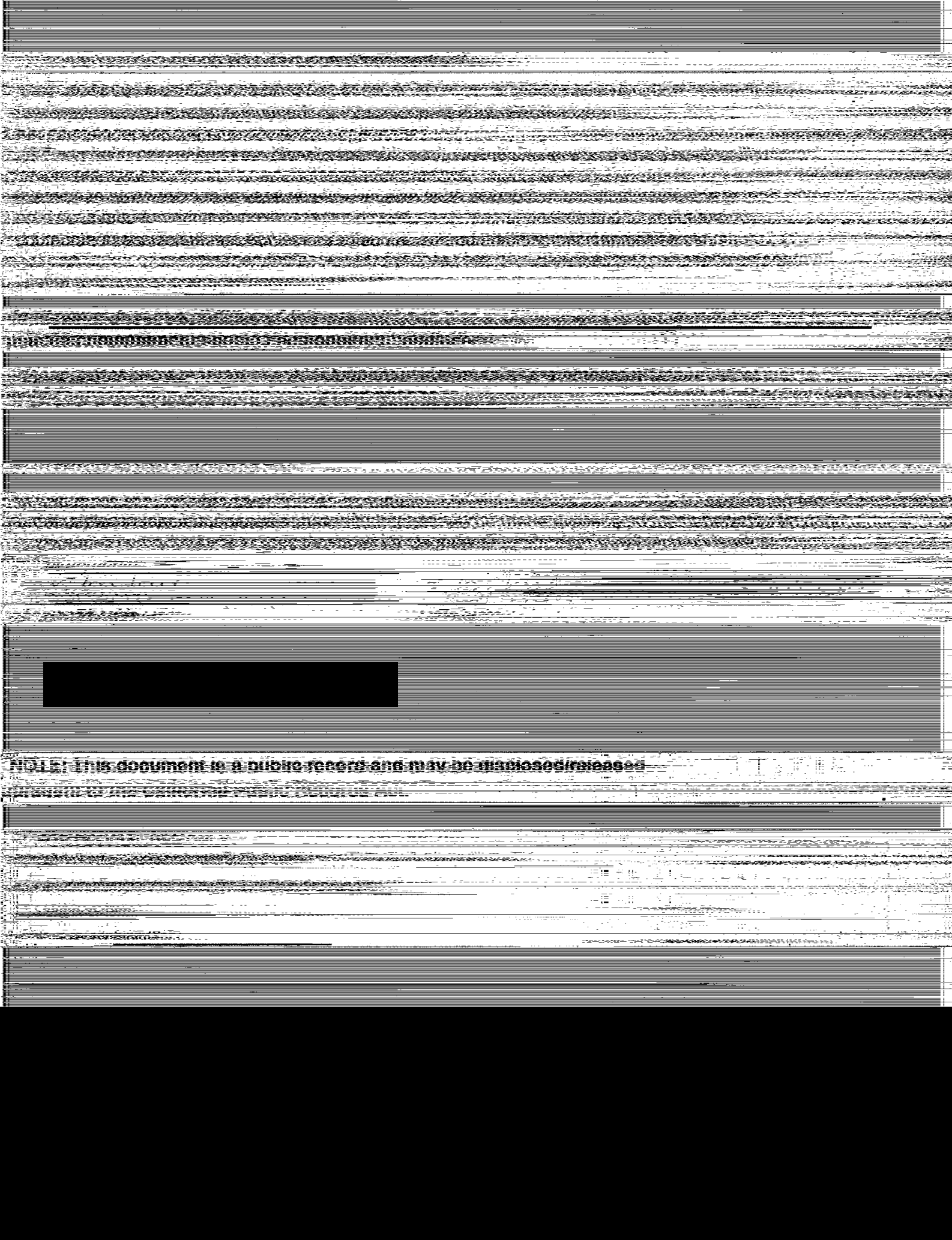
Transit must be electrified and improved to reduce its negative impacts. Transit electrification is ongoing and expected to accelerate significantly. Reliable energy must be provided to ensure that people can remain mobile. This includes reliable electricity supply as well as a widespread and reliable charging infrastructure, available where people need it: in single family homes, rental homes, apartment buildings, at work, on the road. In addition, vehicle-to-grid technologies offer tremendous grid support capabilities, if they are widely available, and this requires technology and grid support to be properly integrated. Shared mobility, buses, and other infrastructure to improve transit also intersects with our energy systems.

Unmet housing needs require housing to be built. How and what types of homes are built will affect residents' energy consumption. In addition, it will affect where and how people commute and travel, which will impact their electricity consumption. VCE can help communities plan for and manage the changes in their energy needs. In addition, by supporting local energy systems, VCE can reduce the need for remote power sources.

The energy transition should be equitable. Currently, lower-income people have a higher energy burden and less ability to manage energy use. Renters cannot upgrade energy systems, while low-income homeowners may not have the means to afford upgrades. Equitable rate design, changes to who owns and controls energy systems, and other approaches are needed to support an equitable transition. Community microgrids, for instance, can ensure that everyone in a community has access to resilient energy, not just those who can afford to individually install solar and batteries.

Electrification, especially from transit, will increase electricity demand. Rate design and technologies like load flexibility can help manage this increase, spreading it out over time and matching demand to supply. In addition, managing and coordinating distributed resources will further reduce strain on the grid, and this requires integrating the right technologies and designing a grid and systems to support them. VCE can participate in and support these changes.





NO 15: This document is a public record and may be disclosed/released



Received on:

5/23/2024 AM Lembke

Return to:

Valley Clean Energy  
604 Second Street  
Davis, CA 95616

VALLEY CLEAN ENERGY  
COMMUNITY ADVISORY COMMITTEE  
APPLICATION

**PERSONAL DATA SHEET**

Name:  Are you at least 18 years old?   
Last First Middle

Home Address:    
Number/Street City/State/Zip

Email Address:     
Daytime Phone Evening/Weekend Phone

Business Title or Occupation:

Company/Organization:

Address:     
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

- City of Davis  City of Woodland  County of Yolo (Unincorporated)  City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat?  Yes  No

**Background Information:**

Why do you wish to serve as a member of the VCE Community Advisory Committee?

I am passionate about solving the global warming crisis by decarbonizing our energy systems. I am inspired by the work that VCE is doing and I would like to join the VCE CAC to participate in the important work that the organization is doing.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

I work as a physician in the VA and in a rural ER. I am also a small family farmer currently farming walnuts. I studied energy security at the London School of Economics and I studied US history at UC Berkeley. I have worked with community organizations doing urban tree plant and providing a recycling center. I have lived in a lot of places including Yolo county, Berkeley, San Francisco, Brooklyn, London, Kansas City, Wichita and these experiences give me a broad base of experience with the energy consumer experience.

Please list your previous and present governmental and civic experience. Indicate when, position and duties:

VA Physician Feb 2024 - Present - Clinical hospital, supervisor of DoD - VA interhospital transfer relationship  
CA Dept. of Mental Health - May 2008 - Sep 2008 - Program analyst in contract's division responsible for department contracts  
Internship with Barry Broad and Associates, Labor Lobbyist - June 2022 - Interned in the office of a labor lobbyist, shadowing and gaining an understanding of the CA legislative process and labor unions.

List any special training or experience you have that you feel would benefit your committee service:

I have experience as a small family farmer and as a medical doctor, both of which are greatly impacted by access to energy and are greatly affected by the effects of global warming.

Do you have any interests or associations which might present a conflict of interest?  
If yes, please explain:

My mother is Cynthia Rodriguez, she is currently a CAC member.

What do you feel are your most important qualifications?

I am passionate about the mission of VCE. I have a background in understanding government programs and political economics through my training at LSE and work with the former CA Dept. of Mental Health and my current work as a doctor. I trained at safety net hospitals and clinics and have experience understanding government health programs. I worked with a labor lobbyist and I have experience and interest in the legislative process.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

All communities are facing the dire consequences of global warming and the VCE has an opportunity to flourish and by example promote a model for decarbonizing our energy supply and community investment rather than draining the money from the community to enrich investors in for profit stock corporations.

What do you hope to accomplish as a committee member?

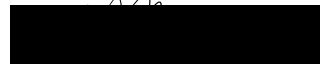
I would like to gain a better understanding of the work the VCE is doing, to contribute to the VCE's work by sharing insights to allow VCE to thrive and succeed in it's mission of improving the local community with affordable, environmentally responsible energy.

**I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: (Initial here: MM )**

**Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.**

AUTHORIZATION AND RELEASE

I understand that in connection with this application for appointment, the information contained herein will be made available to the general public upon request. I further understand that if appointed, I may be required to take the oath of office and may be subject to requirements for filing financial disclosure statements.



Please Sign Here

Date

**NOTE: This document is a public record and may be disclosed/released pursuant to the California Public Records Act.**

**FOR OFFICIAL USE ONLY**

Applications will be kept on file for two years. This application will expire on: 5/23/2026

Date of appointment by the Valley Clean Energy Board: \_\_\_\_\_

Length of term: \_\_\_\_\_

Is this a re-appointment? \_\_\_\_\_



Received on:

5/16/24 AMLembke

Return to:

Valley Clean Energy  
604 Second Street  
Davis, CA 95616

VALLEY CLEAN ENERGY  
COMMUNITY ADVISORY COMMITTEE  
APPLICATION

**PERSONAL DATA SHEET**

Name:  Are you at least 18 years old?   
Last First Middle

Home Address:    
Number/Street City/State/Zip

Email Address:     
Daytime Phone Evening/Weekend Phone

Business Title or Occupation:

Company/Organization:

Address:    
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

- City of Davis  City of Woodland  County of Yolo (Unincorporated)  City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat?  Yes  No

**Background Information:**

Why do you wish to serve as a member of the VCE Community Advisory Committee?

As a long-time Environmental Advocate and resident of Davis/Yolo County I am interested in expanding and promoting our community's efforts to model 'Clean Energy' for other communities in California and across the country. At home we have invested in the transition to Clean Energy with Solar, EV and most recently Electric Heat pump. While we made these changes on their environmental merits, I am increasingly enthusiastic about promoting the very real economic benefits for homeowners, as well as the opportunity to grow our community's 'resilience' from PG&E.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

For 35 years I have worked professionally in the non-profit environmental sector, and for the last 25+ years as the Executive Director of Californians Against Waste. In this capacity I have researched, developed, advocated, and monitored public policy in the environmental, waste reduction and recycling realm.

I have helped craft one hundred plus state laws, dozens of local ordinances as well as a couple of Statewide ballot measures.

In 1988-89, I worked on the successful campaign to close the Rancho Seco nuclear power plant.

I have served on multiple, local, state and Federal advisory bodies.

Please list your previous and present governmental and civic experience. Indicate when, position and duties:

Global Electronics Council, Sustainability Technical Committee, 2023 to present.  
Campaign Committee, Plastic Pollution Reduction Act, 2022 Ballot (withdrawn)  
Campaign Chair, Yes on Prop 67, 2016 Ballot, Plastic Bag Ban  
Advisory Board, California Environmental Voters, 1996-2014  
Board Member, Planning & Conservation League, 1995-2000.  
Member, National Recycling Congress, 1988-Present.  
Member, California Resource Recovery Association, 1988-Present.  
Member, Northern California Recyclers Association, 1997-Present.  
Member, Sacramento County Keifer Landfill Citizens Advisory Committee, 1995-97.  
Member, U.S. EPA Recycling Advisory Committee, 1994-1996.  
Member, Sacramento City Recycling Advisory Committee, 1988-1994.  
Board Member, Sacramento Local Conservation Corp, 1990-1994.  
Board Member, Environmental Council of Sacramento, 1988-1992.  
Member, California Beverage Container Recycling Advisory Committee (Appointed by Assembly Speaker Willie Brown), 1989-1994.  
Candidate, Sacramento City Council, 1989.  
Campaign Chairman, No on Measure F, 1988 (Successful campaign to defeat ballot measure aimed at ending green waste composting program).

List any special training or experience you have that you feel would benefit your committee service:

For nearly 35 years, Mark has been the primary advocate behind much of California ' s nation-leading waste reduction and recycling policy. Beginning in 1987, Mark helped guide the implementation of California ' s unique ' market-based ' beverage container recycling law. Due in large part to Mark ' s creativity, political expertise and persistence, the program has evolved into the largest, most successful and cost effective recycling incentive program in the country. Mark has helped develop and enact dozens of innovative and successful waste reduction and recycling policies that have helped cut California ' s waste in half, while creating green jobs and economic development in the process.

Do you have any interests or associations which might present a conflict of interest?  
If yes, please explain:

Not that I'm aware of

What do you feel are your most important qualifications?

Experienced environmental policy understanding and advocacy. A proven consensus builder with many, many years of experience on multi-stakeholder advisory and governing bodies.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

Helping community members to stay committed to renewables/transition to solar as state financial incentives are phased down/out, and PG&E continues to pursue higher electric rates.



What do you hope to accomplish as a committee member?

I'm a satisfied and enthusiastic advocate for pragmatic transition to renewables/Clean energy. And I have a track record of successfully working with conservatives & business community on conservation policy. I would like the opportunity to apply those skills and experience extending the mission of Valley Clean Energy!

**I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: (Initial here: mm )**

**Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.**

AUTHORIZATION AND RELEASE

I understand that in connection with this application for appointment, the information contained herein will be made available to the general public upon request. I further understand that if appointed, I may be required to take the oath of office and may be subject to requirements for filing financial disclosure statements.



Please Sign Here

\_\_\_\_\_

Date

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**FOR OFFICIAL USE ONLY**

Applications will be kept on file for two years. This application will expire on: \_\_\_\_\_

Date of appointment by the Valley Clean Energy Board: \_\_\_\_\_

Length of term: \_\_\_\_\_

Is this a re-appointment? \_\_\_\_\_



VALLEY  
CLEAN ENERGY

VALLEY CLEAN ENERGY  
COMMUNITY ADVISORY COMMITTEE  
APPLICATION

Received on:



Return to:

Valley Clean Energy  
604 Second Street  
Davis, CA 95616

**PERSONAL DATA SHEET**

Name: Traverso Robert  
Last First Middle

Are you at least 18 years old? Yes

Home Address: [Redacted]  
Number/Street

Davis, CA 95618  
City/State/Zip

Email Address: [Redacted]

[Redacted] Same  
Daytime Phone Evening/Weekend Phone

Business Title or Occupation: City Manager Emeritus

Company/Organization: City of Davis

Address: [Redacted] [Redacted]  
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

- City of Davis  City of Woodland  County of Yolo (Unincorporated)  City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat?  Yes  No

**Background Information:**

Why do you wish to serve as a member of the VCE Community Advisory Committee?

I am a current customer of VCE. I installed my first photo-voltaic system on my house in 2012, and recently replaced that system with a new, 13.2 Kw System with 3-Battery Back-up. We own an EV and a Hybrid SUV, and are on the NEM-2 Rate Plan. Try to help ensure that VCE continues to be a viable, reliable, cost-effective, cost-competitive option, and which provides more renewable sources of greener electricity, for VCE customers.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

Career in City Management, 1969-1992 (all with the City of Davis); retired as City Manager of Davis in 1992. One of the projects which I managed in 1986-87 was the first joint-development by P.G. & E./City of Davis/U.S. Govt. of a commercial-scale photo-voltaic system (namely, PVUSA), located on City of Davis' abandoned waste-water treatment site just north of Davis on Pole Line Rd./Co.Rd.102. This project involved working with P.G. E., their Engineering Consultants (Bechtel Corp.), our Congressman, Vic Fazio, and various City of Davis staff. This project was approved, funded, and successfully developed in 1987.

Please list your previous and present governmental and civic experience. Indicate when, position and duties:

After completing my Master's Degree in Public Administration in Spring 1969, I applied to, and was hired by, the Davis City Manager, Howard Reese, and worked in the City Manager's office from 1969 to 1992, serving in progressively higher-level positions (Budget & Personnel Officer, Assistant to the City Manager, Assistant City Manager, City Manager). Retired as Davis City Manager in 1992. After retiring, served on the City of Davis Housing Element Update Committee, and the Budget & Finance Committee.

List any special training or experience you have that you feel would benefit your committee service:

Refer to attachment for response to this question.

**List any special training or experience you have that you feel would benefit your committee service:**

In Chapter 12 of my book, "The Story of America: Our Family's immigration History – Memorable Events and Lessons Learned" (a copy of which is available in the Davis Branch of the Yolo County Library), I have summarized twelve major accomplishments during my career in city management with the City of Davis of which I am especially proud. They are the following:

1. Negotiated the Joint-Development Agreement with P.G.& E., Bechtel Corp, the Federal Government., and the City of Davis, to develop the First Commercial-scale Photo-voltaic System in the USA (1986-87);
2. Successfully Negotiated the First Agreement with the University of California at Davis (UCD) for UCD to Financially Contribute Its Fair Share to the Cost of City Infrastructure Improvements Needed by the City Because of UC Decisions to Increase Student Enrollments (1989);
3. Successfully Negotiated and Resolved Three Concurrent, Very Consequential Issues Between the City, Yolo County, and a Large Land-Developer, which Resulted in (a) Strengthening the City's General Plan by (b) Negotiating A Fair and Acceptable Development Agreement with the Land-Use Developer for the 500-acre Mace Ranch Project, and (c) Negotiating A Fair Redevelopment Agreement with Yolo County (1987);
4. Developed Reader-Friendly City Budget Format for FY'90-91, which a UCD Political Science Professor thought so of the budget format that he used in his class as a model of how government budgets should be presented so that they are more useful policy-decision-making tool for elected officials, and are more readily comprehensible to the average citizen.;
5. Achieved, for the first time, the City's "Affirmative Action Goal" at all Organizational Levels in the City's Work Force (1990);
6. Concurrently Negotiated/Resolved Four Issues, as the City's Redevelopment Agency Director, in order to Enhance the Economic Vitality of Downtown Davis by Developing the Multi-Theater / 2-Tier Parking-Structure (in Air-Space Above Theater) at First and "F" Streets (1988-89);
7. Successfully Obtained Approval of Needed Amendments to the City General Plan and Zoning Ordinance, as the City's Redevelopment Agency Director, in order to Re-Locate and Consolidate Existing and Future Automobile Dealers to the Chiles Road area in South Davis, for better I-80 Customer Access and Visibility, and to Attract New Automobile and Mobile-Home Dealers to This Area, as Part of Our Effort to Increase the City's Sales Tax Base (1988-90);
8. Negotiated the Purchase from the Davis Joint Unified School District (DJUSD) of the 2-Block, surplus, School District Property at Fifth/"B"/"C"/Seventh Streets, and then Managed (a) the Re-Design and Re-Construction of the Earthquake-Unsafe Elementary School Building on the site into the New, Earthquake-Safe City Offices Facility, (b) the Development of the Softball Field Facility, and (c) the Design and Construction of the New Senior Citizens Center (1980s);
9. Successfully Facilitated the Resolution of the Various Political and Engineering Issues to Locate the New I-80 Over-Crossing at Pole Line Road as the Most Common-Sense, Logical, Traffic-Flow Solution to/from South Davis (instead of 1.0-Mile Farther to the East) (1980s);
10. Successfully Negotiated the Expansion of the Yolo County Library and Library Parking Lot in Davis by Persuading the DJUSD to Cede to Yolo County a Portion on the Western Side of the North Davis Elementary School Site in Exchange for the City Ceding to the DJUSD a Comparable Parcel of Community Park on the East Side of North Davis Elementary School Site (1980s).
11. Successfully Obtained Approval for 400-acres of Wetlands to be Added to the City's Wastewater Treatment Facility for Tertiary Treatment of Wastewater and as Wildlife Habitat (1990);
12. Proposed 6,600-acre Wildlife Area between Davis and the Yolo Bypass, which Evolved into the 16,000-acre "Vic Fazio Wildlife Area" (1990s).

Do you have any interests or associations which might present a conflict of interest?  
If yes, please explain:

None.

What do you feel are your most important qualifications?

Being an effective listener, hearing the other person's concerns, and trying to negotiate an resolution of the issues which is a "win-win" solution, if possible, within the parameters of our goals, objectives, and standards. Focusing on, and working towards successfully achieving, the "big picture" goals and objectives, but also paying attention to the details so that "we don't step in 'cow-pies' along the way," and don't forget that we are working towards trying to help improve the quality-of-life of the people in our service area by providing quality, reliable, cost-effective services which they have indicated that they value and want.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

Climate change and the need to help reduce carbon-emissions and green-house gases before we render our planet ("Planet A") uninhabitable because there is no "Planet B".

What do you hope to accomplish as a committee member?

Help develop a more effective, periodic, outreach program to existing customers so that they better understand what VCE does, and to encourage and motivate more residents and businesses to participate in VCE's programs.

I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: (Initial here:   R  )

Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.

**AUTHORIZATION AND RELEASE**

I understand that in connection with this application for appointment, the information contained herein will be made available to the general public upon request. I further understand that if appointed, I may be required to take the oath of office and may be subject to requirements for filing financial disclosure statements.



Please Sign Here

03/22/2024  
Date

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**FOR OFFICIAL USE ONLY** 3/27/2026  
Applications will be kept on file for two years. This application will expire on: \_\_\_\_\_  
Date of appointment by the Valley Clean Energy Board: \_\_\_\_\_  
Length of term: \_\_\_\_\_  
Is this a re-appointment? \_\_\_\_\_

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 12

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update and Presentation – Pacific Policy Group

Date: June 13, 2024

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

This June is likely to prove to be the most pivotal month of the 2024 legislative session as the FY 2024-25 budget must be finalized, bills must pass policy committees in the second house, and bonds must be passed by the Legislature and signed by the Governor before the month ends.

Proposition 68 of 2018 was the last general obligation bond with natural resources and water funding to pass in California. Since then, the Legislature has considered a climate resilience bond every year, and 2024 appears to be on track for this streak to finally end in success. Both the Senate and the Assembly leaders are working to reduce and refine the climate bond proposals produced from their respective houses. Currently, two measures are in print, SB 867 (Allen) which proposes \$15.5 billion while AB 1567 (Garcia) proposes \$15.99 billion, but a final proposal will land somewhere between \$8 and \$9 billion. The Senate is proposing a limited energy chapter with \$500 million in investments for funding to port infrastructure upgrades to facilitate offshore wind development, transmission upgrades, and building decarbonization. The Assembly is looking at a much more ambitious energy chapter of \$2 plus billion focused on port infrastructure, grid modernization, and workforce development. The two houses negotiate how to merge their measures into one final bill, from there Governor Newsom and his agencies will propose their own set of priorities to bring this effort to a conclusion by June 27.

The budget process is on track to conclude on time in the month of June and not drag through the summer as we have seen in previous years. The Legislature is required by June 15 to propose a budget, and Governor Newsom has until June 27 to sign a budget bill for Fiscal Year 2024-25. Senate Pro Tem McGuire and Speaker Rivas announced on May 29 that the two houses had reached an agreement on how to close the \$28 billion deficit California is facing for FY 24-25. The Legislature’s proposal largely mirrors Governor’s Newsom’s proposed budget, which was updated on May 14 as part of the Governor’s May Revision. At May Revision, it was revealed that the state’s budget deficit had grown by \$7 billion since the Governor had released his budget proposal in January. He also announced that the state is facing a \$28 billion deficit for FY 2025-26, and the Governor and Legislature are proposing cuts, fund shifts, and using the

rainy-day fund to address the FY25-26 deficit as well as FY24-25. Of note in the energy space, the Legislature is proposing to cut \$400 million from this year's budget proposal for the Diablo Canyon loan (understanding it is not needed at this time), cut \$40 million to the Strategic Energy Reserve, and delay a total of \$32 million slated for DWR to implement its function as the Central Procurement Entity.

As noted in the April legislative update, there has been a bit of drama related to energy policy bills, and the month of May saw a continuation of interesting outcomes. In April, AB 1999 (Irwin), a bill that would impose to cap the Income Graduated Fixed Charge (IGFC), was pulled from the Assembly Utilities & Energy Committee (U&E) and moved back to the Rules Committee, which seemingly was a move to prevent it moving forward this session. The author amended the bill to impose a sunset on the IGFC and U&E gave the bill a special hearing on May 15, and the bill was passed. The very next day, the Assembly Appropriations Committee convened its Suspense File hearing, and summarily killed the bill. It was a curious couple of days as special hearings are only convened with the approval of Assembly leadership, which is also heavily involved in Suspense File decisions.

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

### **1. AB 2368 (Petrie-Norris) Reliability**

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

#### Additional Information

- Next Hearing: The bill will be heard in Senate Energy, Utilities & Communications Committee.
- VCE has yet to take an official position.
- Bill language: [AB 2368](#)

### **2. AB 1999 (Irwin) Income Graduated Fix Charge (IGFC)**

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



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

The bill had been in the possession of the Assembly Utilities & Energy Committee but was then pulled back to the Rules Committee, which is a move by the Assembly leadership to sit on the bill. However, Assembly leadership allowed the author to amend the bill to impose a five-year sunset on the IGFC. The bill passed the Assembly U&E Committee but was then held by Assembly Appropriations and the bill is now dead. The PUC's announced proposed decision to align the IGFC with one SMUD imposes took the wind out of the sails with IGFC related bills.

#### Additional Information

- Next Hearing: The bill was held by the Assembly Appropriations Committee and is now dead.
- VCE Position: Watch
- Bill language: [AB 1999](#)

### **3. AB 2666 (Boerner) Public Utilities Rate of Return**

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

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

#### Additional Information

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

#### **4. AB 817 (Pacheco) Brown Act Exemption for Subsidiary Bodies**

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

##### Additional Information

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

#### **5. SB 1305 (Stern) Virtual Power Plant Procurement Mandate**

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

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

##### Additional Information

- Next Hearing: The bill was pulled by the author from the Senate Energy, Utilities & Communications Committee and is now dead.
- VCE did not take an official position
- Bill language: [SB 1305](#)

#### **6. SB 1508 (Stern) Storage Mandate**

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

This bill was heavily amended coming out of the Senate Energy, Utilities, & Communications Committee as the original bill that went before the committee included a procurement

mandate for long duration energy storage and multiday energy storage systems. The procurement mandate caused some concern but now that the mandate provision has been removed the bill is of less consequence.

#### Additional Information

- Next Hearing: The bill will be heard Appropriations.
- VCE has yet to take an official position.
- Bill language: [SB 1508](#)