



**Valley Clean Energy Board Meeting – September 10, 2020
Via Teleconference**

Item 13 – Resource Adequacy Agreements



Public Comments – via Zoom this should be the second slide to every item.

To Provide Public Comment on any agenda item please:

- E-mail 300 words or less to: meetings@valleycleanenergy.org

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.

Item 13 – Resource Adequacy Agreements - Background

- April 2020 VCE issued a joint solicitation with Redwood Coast Energy Authority (RCEA) for Incremental Resource Adequacy (RA)*.
- Both CCAs have similar size obligations to meet.
- Two agreements have been negotiated to meet the '21 and '22 requirement.
- 2023 Incremental RA obligation will be met with other long-term PPA projects (local RFO projects and/or Aquamarine PPA).

Procurement year (online by August 1)	2021	2022	2023
Percent of obligation required by year	50%	75%	100%
RCEA cumulative obligation (MW)	5.4	8.0	10.7
VCE cumulative obligation (MW)	6.3	9.4	12.6



Item 13 – Resource Adequacy Agreements – RFO Results

• **Project #1**

- Tierra Buena Battery Energy Storage System (BESS): 2.5 MW BESS to meet 2022 obligation (and beyond).
- 5MW total project size (50% VCE / 50% RCEA).
- Counterparty: Viridity Energy Solutions (BESS arm of Ormat).
- Term: 10 years.
- Viridity will develop, own and operate the BESS.
- This BESS will be built in Sutter County and will contribute local benefits to that and neighboring communities through property taxes and a local hiring program at prevailing wages.

Item 13 – Resource Adequacy Agreements – RFO Results

• **Project #2**

- 7 MW of demand response aggregation to meet 2021 obligation (and beyond).
- Counterparty: Leapfrog Power Inc.
- Term: 10 years.
- Leapfrog has already installed and registered with the California Independent System Operator (CAISO) the customer meters that make up their offered capacity.
- Majority of customers enrolled are residential, but the bulk of the capacity comes from commercial.
- Types of aggregated loads include: smart thermostats, commercial HVAC, energy storage, EV charging, agricultural & municipal water pumping.

Item 13 – Resource Adequacy Agreements – Introduction to Ormat

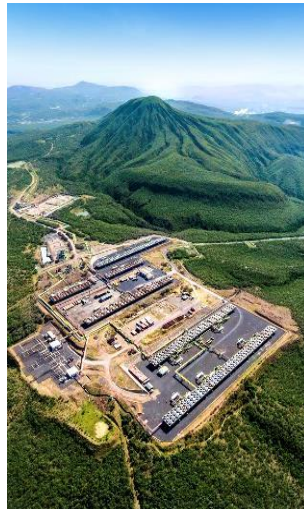
Market leader with proven track record in the geothermal energy sector
Mission is to become a leading global renewable energy provider

Own & operate **914**
MW
Generating Capacity



73_{MW}/136_{MWh}
of operating storage projects

55 years
of experience



~1,410
Employees

746\$M
FY2019 revenues

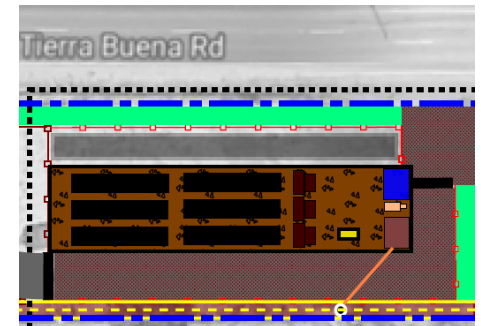


384\$M
FY2019 adj. EBITDA



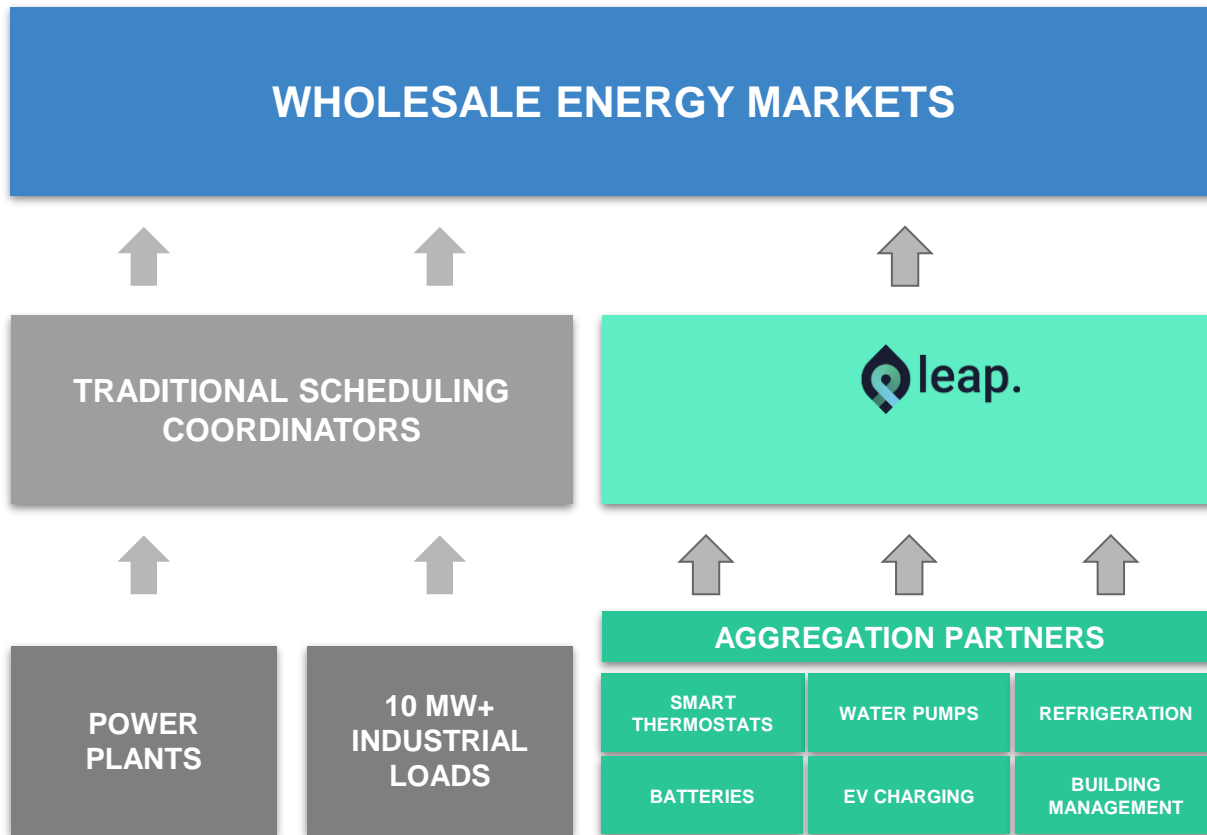
Item 13 - Resource Adequacy Agreements – Tierra Buena BESS Project Summary

Grid Owner & Operator	<ul style="list-style-type: none"> Pacific Gas & Electric (PG&E) & California Independent System Operator (CAISO)
Location, size, and technology	<ul style="list-style-type: none"> Yuba City, CA (in unincorporated Sutter County) 5 MW / 20 MWh Lithium-ion (Li-ion) battery cell technology To be interconnected on PG&E Pease 1103 Distribution Feeder
Owner	<ul style="list-style-type: none"> VESI 10 LLC, solely owned by Viridity Energy Solutions, Inc.
Key Services provided	<ul style="list-style-type: none"> Resource Adequacy contracts being finalized with Redwood Coast Energy Authority and Valley Clean Energy. Frequency regulation to CAISO for grid stability. Solar power integration for CAISO grid.
Project Status	<ul style="list-style-type: none"> Long term lease (up to 20 years) dated March 7, 2018. Interconnection Agreement with PG&E dated April 2, 2019. CUP and Draft CEQA Initial Study/Mitigated Negative Declaration approved by Sutter County Planning Commission August 19, 2020. Online Date expected in Q4 2021.



Item 13 – Resource Adequacy Agreements – How Leap Does It

Leap’s software-based marketplace enables flexible loads to earn revenue previously reserved for large power plants and industrial loads








Leap bids reductions in load into the wholesale markets. To the grid, these “negawatts” have the same value as generation.

As a software-enabled scheduling coordinator, Leap enables any cloud-connected device to access the market.

Item 13 – Resource Adequacy Agreements – A Sample of Leap’s Portfolio

Leap CA Capacity by Load Type (Summer 2020)

 EV Charging Load	34%
 Water Pumping Load	26%
 Air Conditioning	25%
 Energy Storage	10%
 Process Load -- Cold Storage	4%

- 12+ Aggregator Partners
- >250MW Connected Peak Load
- 10,000+ customer meters on the platform
- Leading provider for CA DRAM 2019-2021



Item 13 – Resource Adequacy Agreements – Staff Recommendation

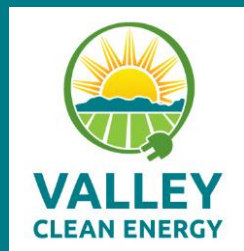
Adopt resolutions approving the following resource adequacy (RA) agreements:

- A. VESI 10 LLC (stand-alone battery storage);
- B. Leapfrog Power, Inc. (aggregated demand response– residential and commercial / industrial load reduction)



**Valley Clean Energy Board Meeting – September 10, 2020
Via Teleconference**

Item 14 – Update, Environmental and Social Justice



Public Comments

To Provide Public Comment on any agenda item please:

- E-mail 300 words or less to: meetings@valleycleanenergy.org

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.

Item 14 – Update on Environmental and Social Justice (ESJ) Working Group

Background: Board formed an ESJ Working Group in June

First item of business: craft an ESJ statement on behalf of VCE

Emphasis is on ACTIONS taken, including:

- Integrating Diversity, Equity and Inclusion (DEI) more deeply into VCE hiring, contracting and promotion
- Gathering feedback to integrate concerns from disadvantaged communities in service/program design
- Engaging in CalCCA's Equity Committee in developing programs that advance ESJ.

Item 14 – Update on Environmental and Social Justice (ESJ) Working Group

Status of ESJ Statement: integrating CAC feedback; will be an agenda item at the October Board Meeting

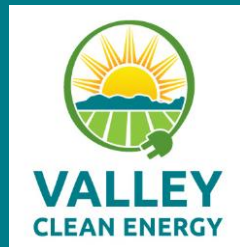
CAC Feedback included:

- Adding “Racial” and “Climate” to “Environmental and Social Justice”
- Better identifying customers (including those that have opted out) in underrepresented communities and making sure we involve them more in workshops and CAC meetings
- Expand efforts by VCE and the board to recruit for greater diversity on the CAC



**Valley Clean Energy Special Board or CAC Meeting –
September 10, 2020 Via Teleconference**

Item 15 – Draft Strategic Plan



Public Comments

To Provide Public Comment on any agenda item please:

- E-mail 300 words or less to: meetings@valleycleanenergy.org

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.

Item 15 - Presentation Overview

- Latest Developments
- Feedback
 - Sources
 - Key findings
- Draft Strategic Plan Outline – Draft Topics & Goals
- Board Discussion/Feedback
- Schedule/Next Steps

Item 15 - Latest Developments – Strategic Planning

- The VCE team has gained significant and valuable feedback and direction from the Board and CAC, which has been summarized and considered in Strategic Plan development
- VCE staff, with assistance from LEAN Energy, has developed a Draft Strategic Plan Outline containing the Vision, Mission, Purpose, critical Topics, and 3-year Goals
- The goal of today's Board meeting is to gain feedback on the Draft Strategic Plan Outline
- Our target is to present the detailed Strategic Plan for Board consideration and approval at the October Board meeting

Item 15 - Strategic Planning Feedback

Overview- Valuable feedback has been received from both the Board and CAC, in the following ways:

- Board and CAC Questionnaires
- Board telephone interviews
- CAC Strategic Planning Task Group review and feedback
- August 27 CAC meeting

Item 15 - Questionnaires and Interviews – Key Findings

Key Findings from the BOD/CAC Questionnaires:

- Alignment between Board and CAC was close on most topics
- Fiscal and rate focus:
 - VCE's financial standing is of paramount importance
 - Environmental, community and expansion-related goals are critical, but must be considered through a financial lens
- Renewable & low carbon targets should remain steady for the time being, with more aggressive goals for future consideration
- More engagement is needed, especially in disadvantaged communities and in the commercial and agricultural sectors
- SMUD should continue as a key partner, although VCE staff should forge partnerships with other CCA's for shared services

Item 15 - Strategic Plan Topical Rankings

Rankings of key strategic topics is well aligned, with possible exception of Statewide Issues and Energy/Procurement:

Topic	Board Ranking	CAC Ranking
Finance and Fiscal Health	1	2
Customers and Community	2	3
Statewide Issues	3	6
Energy and Procurement	4	1
Organization and Workplace	5	5
Decarbonization/Grid Programs	6	4
Information and Systems/Technology	7	7

Item 15 - Additional Feedback from Board & CAC

Additional feedback received from meetings and communications:

- Strategic goals should be more aspirational and less “business as usual” or process-driven
- The plan should put more emphasis on:
 - The “Why” of the Strategic Plan – what’s the big picture?
 - Community safety and resiliency
 - Carbon neutrality (by 2030)
 - Regulatory and legislative solutions
 - Environmental and social justice
 - Local energy options
 - Investigation of new rate structures
 - Working closely with communities and partner agencies
- Overall, the Plan Outline is comprehensive, thoughtful and well crafted



Item 15 - Draft Strategic Plan Outline: Topics & Goals

Topics	Goals
A. Financial Strength	Goal 1: Manage resources and maintain low overhead costs over next three fiscal years to achieve the Board’s stated financial objectives
	Goal 2: Achieve an investment grade credit rating by end of 2024
B. Procurement & Power Supply	Goal 3: Manage power supply resources and risks to meet near-term financial and rate objectives while working toward a power portfolio that is 100% carbon neutral by 2030
	Goal 4: Supply as high a percentage renewable, and carbon-free energy as is financially feasible while exceeding California’s RPS mandates
	Goal 5: Continue to identify and pursue cost effective, local energy resources
C. Customers & Community	Goal 6: To better serve our customers, investigate new rate structures through which to achieve higher customer participation and engage new communities while maintaining competitive rates
	Goal 7: Effectively engage all segments of VCE’s customer base, including disadvantaged and historically marginalized customers and communities

Item 15 - Draft Strategic Plan Outline: Topics & Goals; cont.

Topics	Goals
C. Customers & Community (cont'd)	Goal 8: Cultivate greater customer awareness particularly among VCE's business and agricultural customers
	Goal 9: Measure and increase customer satisfaction
	Goal 10: Increase participation in VCE's premium UltraGreen 100% renewable product
	Goal 11: Explore and evaluate options for new customer programs and launch at least three within the three-year Plan period
D. Decarbonization & Grid Innovation Prog.	Goal 12: Develop and adopt a decarbonization and resiliency roadmap for VCE
	Goal 13: Investigate launching VCE programs to support member agencies' energy and transportation GHG emission reduction targets
E. Statewide Issues: Regulatory & Legislative Affairs	Goal 14: Work with CalCCA and other partners to proactively engage State regulators and legislators in developing policy that furthers VCE's mission and facilitates our contributions to decarbonization, grid reliability, energy resilience, affordability, local programs and social equity

Item 15 - Draft Strategic Plan Outline: Topics & Goals; cont.

Topics	Goals
E. Statewide Issues: Regulatory/Legislative Affairs (cont'd)	Goal 15: Continue to work with partners to ensure VCE's procurement and rate-setting autonomy
F. Organization & Workplace	Goal 16: Analyze and implement optimal long-term management & organizational structure at VCE
	Goal 17: Evaluate and pursue opportunities for shared services with other CCAs for certain functions
	Goal 18: Develop an evaluation framework to guide future expansion opportunities within Yolo County and surrounding areas
G. Information Systems & Technology	Goal 19: Ensure VCE's Information Technology infrastructure is secure, reliable, and disaster resilient to provide 24/7/365 online access
	Goal 20: Foster innovation and empower decision making through greater use of data

Item 15 - VCE Strategic Planning Process

Date	Meeting/Milestone	Purpose
7/9/20	Board	Revised development process and timeline
7/23/20	CAC	Process update
Mid/Late July	Milestone	Complete Strategic Plan Worksheet Analysis
Late July/Early Aug.	Milestone	Conduct feedback interviews with Board and CAC members
8/13/20	Board	Progress update; report on draft plan
8/27/20	CAC	Progress update and feedback from Strategic Planning Task Group and CAC
Early September	Milestone	Complete initial draft plan
9/10/20	Board	Review/provide direction on draft plan
9/24/20	CAC	Recommendation on draft plan
10/8/20	Board	Consider adoption of draft plan