Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, September 14, 2023 at 5:30 p.m.
City of Woodland Council Chambers
300 First Street, Woodland, California 95695

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

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

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

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

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/88222040882
Meeting ID: 882 2204 0882

b. By phone
One tap mobile:
+1-669-444-9171,, 88222040882# US
+1-669-900-9128,, 88222040882# US

Dial:
+1-669-444-9171 US
+1-669-900-9128 US
Meeting ID: 882 2204 0882

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: Tom Stallard (Chair, City of Woodland), Jesse Loren (City of Winters), Will Arnold (City of Davis), Mayra Vega (City of Woodland), Lucas Frerichs (Yolo County), Richard Casavecchia (City of Winters), Bapu Vaitla (City of Davis)

Alternate Board Members: Angel Barajas (Yolo County), Tania Garcia-Cadena (City of Woodland), Albert Vallecillo (City of Winters), Donna Neville (City of Davis)

5:30 p.m. Call to Order

1. **Welcome.**
2. **Recognition of Service – Gary Sandy**
3. **Appointment of Vice Chair**
4. **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

5. **Approve July 13, 2023 Board meeting Minutes.**
6. **Receive 2023 Long Range Calendar.**
7. **Receive Legislative update provided by Pacific Policy Group.**
8. **Receive September 6, 2023 Regulatory update provided by Keyes & Fox.**
9. **Receive Community Advisory Committee August 24, 2023 meeting summary.**
10. **Accept and attest the accuracy of Valley Clean Energy's 2022 Power Content Label for the Standard Green and UltraGreen products. (Action)**
11. **Receive Enterprise Risk Management update. (Bi-annual)**
12. **Approve updated Wholesale Energy Procurement Risk Management Policy. (Action)**
13. **Approve Resolution for Strategic Growth Council Grant Application – Esparto-Capay Microgrid. (Action)**
14. **Approve Employment Agreement for Executive Officer between Valley Clean Energy and Mitch Sears. (Action)**

REGULAR AGENDA

15. **Consider appointment to At-Large seat on Community Advisory Committee.**
16. **Energy Markets update and Procurement Direction.**
    a. **2024 and 2025 Resource Adequacy Market and procurement framework; and,**
    b. **Renewable Portfolio Content Category (PCC) options for Compliance Period 4 (ending 2024).**
17. **Consider adoption of minor update of VCE's Strategic Plan and extension of the planning period to the end of 2025.**
18. **Consider approval of Phase 2 of VCE's Electric Vehicle Rebate Pilot Program.**
19. **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.
20. **Adjournment in Honor of VCE Board Vice Chair – Gary Sandy/Announcement:** The Board's next regular meeting is scheduled for Thursday, October 12, 2023 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Blvd., Davis, California 95616.

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

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

Verbal public participation during the meeting:

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

B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from July 13, 2023 meeting

DATE: September 14, 2023

RECOMMENDATION

Receive, review and approve the attached July 13, 2023 meeting Minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, JULY 13, 2023

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, July 13, 2023 at 5:30 p.m. to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. VCE Chair Tom Stallard stablished that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present:	Tom Stallard, Will Arnold, Lucas Frerichs, Richard Casavecchia, Angel Barajas (alternate Yolo County), Tania Garcia-Cadena (alternate City of Woodland)
Members Absent:	Gary Sandy, Mayra Vega, Bapu Vaitla, Jesse Loren
Welcome and Recognition of Service to past CAC Members and past VCE Treasurer	Chair Stallard welcomed the Board members. VCE Executive Officer Mitch Sears thanked past VCE Treasurer Chad Rinde, past CAC Members Gerry Braun, Christine Shewmaker and Kristin Jacobs for their service to VCE. Chad Rinde thanked VCE.
Public Comment – General and Consent	Chair Stallard opened the floor for public comment on both the agenda and Consent agenda items. There were no verbal or written public comments.
Approval of Consent Agenda / Resolution 2023-009	Motion made by Director Barajas (alt.) to approve the consent agenda items, seconded by Director Arnold. Motion passed with Directors Sandy, Vega, Vaitla, and Loren absent. The following items were: 4. approved June 15, 2023 Board Special meeting; 5. received 2023 Long Range Calendar; 6. received financial update May 31, 2023 (unaudited) financial statements; 7. received Legislative update provided by Pacific Policy Group; 8. received June 2023 Regulatory update dated July 5, 2023 provided by Keyes & Fox; 9. received Community Advisory Committee June 22, 2023 meeting summary; 10. received quarterly Customer Participation update; 11. approved submittal of an extension request for the SACOG Electrify Yolo Grant; and,

12. adopted Strategic Plan Guidelines for minor and major Plan updates as Resolution 2023-009.

Item 13: Consider appointment to jurisdiction seat on Community Advisory Committee (CAC). (Action)

Mr. Sears introduced this item. Diccon Westworth, applicant for CAC City of Woodland seat, expressed his interest in being appointed to represent the City of Woodland. There were no written public comments.

Chair Stallard and Director Garcia-Cadena (alt.) recommended to the Board to appoint Diccon Westworth to the CAC vacant City of Woodland jurisdiction seat.

Motion made by Chair Stallard to:

1. appoint Diccon Westworth to the City of Woodland seat for a three (3) year term to expire June 2026 (Class 2); and
2. direct Staff to continue to solicit candidates for vacant At-Large and unincorporated Yolo County jurisdiction seats.

This motion was seconded by Director Garcia-Cadena (alt.).
Motion passed by the following vote:

AYES: Arnold, Frerichs, Casavecchia, Barajas (alt.), Garcia-Cadena (alt.), Stallard
NOES: None
ABSENT: Sandy, Vega, Vaitla, Loren
ABSTAIN: None

Item 14: Consider modifying VCE's procurement goal of 80% renewable power supply by 2030. (Discussion/Action)

VCE Executive Director Mitch Sears introduced this item. VCE Assistant General Manager and Director of Power Resources Gordon Samuel introduced Jim Himelic of First Principles Advisory who has provided modeling analysis of VCE's procurement goals. Mr. Samuel provided highlights of each scenario of procurement based on modeling results.

The Board and Staff discussed: types of energy needed, solar and battery storage, price signals, "local" resources, status of power resource projects, microgrids, and grid reliability. There were no written public comments.

Verbal Public Comment: Christine Shewmaker supports VCE's founding mission to provide renewable electricity and the goal of 100% renewable by 2030 with future storage amounts to be from local installations. She thanked the Board for allowing her to serve on the CAC representing the City of Woodland.

Motion made by Director Barajas to:

1. increase the current 80% renewable goal by 2030 to 100% renewable by 2030 and substitute the 25% renewable local component goal with a goal of 25% of future storage amounts to be from local installations; and,
2. when conducting solicitations state a preference for locally sited resources.

This motion seconded by Director Frerichs. Motion passed by the following vote:

AYES: Arnold, Frerichs, Casavecchia, Barajas (alt.), Garcia-Cadena (alt.), Stallard
NOES: None
ABSENT: Sandy, Vega, Vaitla, Loren
ABSTAIN: None

Item 15: Consider approval of allocation of 2022 net margin (Customer Dividend and Programs Allocation) (Discussion/Action) / Resolution 2023-010

Mr. Sears introduced this item. VCE Director of Finance and Internal Operations Edward Burnham summarized the staff report and reviewed Staff's recommendation on allocating VCE's 2022 net margin. The Board and Staff discussed reserves, Customer rates, credit rating, and possible revenue projections. There were no verbal or written public comments.

Motion made by Director Garcia-Cadena (alt.) to adopt a resolution approving the allocation of the $5.3M 2022 Audited Net Margin between cash reserves and local program reserve (LPR) as follows:

1. $4,611,000 to cash reserves to reach cash reserve targets for this fiscal year;
2. Balance of 2022 net margin of $712,500 to the Local Programs Reserve (LPR).

This motion was seconded by Director Arnold. Motion passed as Resolution 2023-010 by the following vote:

AYES: Arnold, Frerichs, Casavecchia, Barajas (alt.), Garcia-Cadena (alt.), Stallard
NOES: None
ABSENT: Sandy, Vega, Vaitla, Loren
ABSTAIN: None

Item 16: Receive update on CalCCA "Best Practices" (Information)

Mr. Sears provided an overview of California Community Choice Association's (CalCCA) business practices and governance for Community Choice Aggregation (CCA) programs. The Model Practices Guide addresses key areas of CCA operations including financial

	management, enterprise risk management, implementation and expansion planning, transparency, and deregistration. Mr. Sears pointed out that VCE has been set up, modeled after Sacramento Municipal Utilities District's (SMUD's) Enterprise Risk Management (ERM) approach, and is management based on Energy Industry and CCA best practices. VCE plans to use the new CalCCA guide to assess and refine its existing practices. Director Frerichs reiterated that VCE is doing most of the model practices outlined in CalCCA's guide. There were no verbal or written public comments.
Item 17: Board Member and Staff Announcements	Director Barajas (alt.) informed those present that the Yolo County Board of Supervisors will be reviewing the Gibson project in August. Chair Stallard announced that he attended the CalCCA 2023 annual conference. His attendance was paid for by VCE and appreciated the opportunity to learn about geothermal and wind energy resources.
Announcement	Chair Stallard announced that the Board's August 10, 2023 meeting has been cancelled. The Board's next regular meeting is scheduled for Thursday, September 14, 2023 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. Chair Stallard announced that the Board will convene into Closed Session and that it is anticipated there will be nothing to report out of closed session. Chair Stallard adjourned the regular Board meeting at 6:30 p.m. to go into Closed Session.
CLOSED SESSION: Public Employee Performance Evaluation (Government Code Sections 54957 and 54957.6)	The Board entered into Closed Session at 6:35 p.m. and ended at 6:57 p.m. There was nothing to report out of Closed Session.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 6

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2023 Long-Range Calendar

DATE: September 14, 2023

Recommendation

Receive and file the 2023 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

VALLEY CLEAN ENERGY

2023 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 12, 2023~~ **Special Meeting scheduled for January 19, 2023 (3rd Thursday) (REMOTE)**	**Board**	• Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2023 (Annual) • Brown Act / AB 2449 – New Legislation on Teleconferencing Meetings • 2022 Year End Review: Customer Care and Marketing • Support Legislation to extend sunset (BioMAT program) • Long-term Power Portfolio Update • Quarterly Customer Participation Update	• Action • Nominations • Discussion/Action • Information • Action • Information • Information
January 26, 2023 **(REMOTE)**	**Advisory Committee**	• Legislative Summary/Update (Pacific Policy Group) • 2023 Customer Rate update • Forecasting Customer Ag Energy using hydrological conditions (research results) presentation • Task Group Formation • Quarterly Customer Participation Update	• Information • Information • Information • Discussion/Action • Information
February 9, 2023 (IN PERSON)	**Board (Davis)**	• Legislative & Regulatory Updates • Update on 2023 PCIA and Rates • Update on SACOG Grant – Electrify Yolo • Strategic Plan Update (Annual) • Enterprise Risk Oversight Committee (EROC) proposed modifications	• Information • Information • Information • Information • Discussion/Action
February 23, 2023 **(Remote)**	**Advisory Committee**	• Strategic Plan update (Annual) • Update on 2023 PCIA and Rates	• Information/Discussion • Information
March 9, 2023 (IN PERSON)	**Board (Woodland)**	• Meeting cancelled due to lack of agenda items.	

March 23, 2023 (IN PERSON)	**Advisory Committee (Woodland)**	• Meeting cancelled due to lack of agenda items.	
April 13, 2023	**Board (Davis)**	• Update on SACOG Grant – Electrify Yolo • Calendar Year 2023 Audited Financial Statements (James Marta & Co.) • Receive Enterprise Risk Management Report (Bi-Annual • SMUD: Amendment(s) to update Agreement	• Information • Action • Information • Discussion/Action
April 27, 2023	**Advisory Committee (Davis)**	• Customer Participation Update • EV Rebates Program	• Information • Information/Discussion/Action
May 11, 2023	**Board (Woodland)**	• Meeting cancelled.	
May 25, 2023	**Advisory Committee (Woodland)**	• Meeting cancelled due to schedule conflict.	
~~June 8, 2023~~ Meeting Cancelled 5-Year Anniversary Celebration and Special Board meeting: June 15, 2023	**Board (Davis) Veterans Memorial Center**	• Re/Appointment of Members to Community Advisory Committee (Annual) • Customer Participation Update • EV Rebates Program • Mid-Year 2023 Financial Update • VCE's 5-Year Anniversary	• Action • Information • Discussion/Action • Information • Information
June 22, 2023	**Advisory Committee (Davis)**	• Customer Dividend and Programs Allocation • Strategic Plan update (Guidelines) • Power Procurement / Renewable Portfolio Standard Update • 80% Renewable by 2030 Policy. (*placeholder*)	• Discussion • Discussion • Information • Discussion/Action
July 13, 2023	**Board (Woodland)**	• Status of SACOG Grant – Electrify Yolo • Customer Participation Update • Customer Dividend and Programs Allocation • Strategic Plan update (Guidelines) • Power Portfolio Renewable Content (*placeholder*) • 80% Renewable by 2030 Policy. (*placeholder*)	• Information/Discussion/Action • Information • Discussion/Action • Discussion/Action • Information/Discussion • Discussion/Action

July 27, 2023	**Advisory Committee (Woodland)**		
August 10, 2023	**Board (Davis)**		
August 24, 2023	**Advisory Committee (Davis)**	• Customer Participation Update • Strategic Plan Draft	• Information • Discussion/Action
September 14, 2023	**Board (Woodland)**	• Certification of Standard and UltraGreen Products / 2022 Power Content Label (Annual) • Strategic Plan Draft	• Action • Discussion/Action
September 28, 2023	**Advisory Committee (Woodland)**	• Legislative End of Session update • Update on 3-Year Programs Plan and 2024 program concepts	• Information • Discussion/Action
October 12, 2023	**Board (Davis)**	• Update on SACOG Grant – Electrify Yolo • Update on 2024 draft Operating Budget • Customer Participation Update • Strategic Plan final Draft • Update on Programs Plan and 2024 program concepts • Status of SACOG Grant – Electrify Yolo • Legislative End of Session update	• Information • Information • Information • Information/Discussion • Discussion/Action • Information/Discussion • Information
October 26, 2023	**Advisory Committee (Davis)**	• Update on Power Content Label Customer Mailer • Customer Participation Update • Review CAC Task Group Year-end Reports • Draft 2024 Legislative Platform • Review CAC Charge *(placeholder)*	• Information • Information • Discussion • Discussion/Action • Discussion/Action
November 9, 2023	**Board (Woodland)**	• Power Procurement / Renewable Portfolio Standard Update • 2024 Operating Budget Update • 2024 Legislative Platform	• Information • Information/Discussion • Discussion/Action

~~November 23, 2023~~ **November 16, 2023** (rescheduled to November 16th due to the Thanksgiving holiday on Nov. 23rd.)	**Advisory Committee (Woodland)**	• GHG Free Attributes	• Information
December 14, 2023	**Board (Davis)**	• Approve 2024 Operating Budget (Annual) and 2024 Customer Rates • GHG Free Attributes • Receive CAC Year-end Task Group Reports • Election of Officers for 2024 (Annual)	• Discussion/Action • Action • Discussion • Nominations
~~December 28, 2023~~ (rescheduled to December 21, 2023)	**Advisory Committee (Davis)**	• 2024 CAC Task Group(s) formation (Annual) • Election of Officers for 2024 (Annual)	• Discussion/Action • Nominations
January 11, 2024	**Board (Woodland)**	• Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2024 (Annual) • 2023 Year End Review: Customer Care and Marketing	• Action • Nominations • Information
January 25, 2024	**Advisory Committee (Woodland)**	• Legislative Summary/Update (Pacific Policy Group)	• Information

Notes: 1. CalCCA Annual Meeting held on May 17 - 19, 2023 (San Diego).

CAC *PROPOSED* FUTURE TOPICS **Topics and Discussion dates may change as needed**	**ESTIMATED MEETING DATE(S)**
Improving Resiliency during Power Outages	Possibly August 2023 for "kick off" meeting
Strategic Plan (Annual Report) to Board and CAC	February 2024
Self Generation Incentive Program (SGIP)	
Agri-voltaics (for information only)	
Net Energy Metering (NEM) 3.0 (Information/Discussion/Action - As needed)	
Legislative Items (as needed)	
Strategic Plan additional updates (as needed)	
SACOG Update (as needed)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: September 14, 2023

Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continue to meet and discuss legislative matters. Below is a summary of recent activities in the California Legislature and Administration.

The 2023 legislative session is in its final days as the last day of session is September 14, after which the focus on legislation will shift from the Legislature to the Governor as Governor Newsom will have until October 14 to sign or veto all of the bills put on his desk. These last days and weeks of the 2023 session have seen the Senate decide upon a new leader, an agreement on the Governor's proposed policy on central procurement, and a decision to defer final negotiations on a climate resilience bond to the 2024 session.

Earlier this session, the Assembly finally transitioned from former Speaker Rendon to Speaker Rivas after a lengthy battle for the Assembly's top spot and succession plan. The Senate decided to have a much smoother and cleaner transition from current Senate Pro Tem Toni Atkins, who terms out in 2024, to Senator Mike McGuire who will assume the leadership post in early 2024. Senator McGuire hails from the North Coast and represents several CCAs – MCE, Sonoma Clean Power, and Redwood Coast. Senator McGuire terms out in 2026 so his time atop the Senate will be relatively short, and will serve as a bridge to the nearly 20 senators that will have been elected at the 2022 and 2024 ballots that will make up the majority of the caucus as Senator McGuire terms out.

Closer to VCE's priorities, the session-long effort to authorize DWR to take on central procurement, amongst other proposals, has finally landed as a policy bill authored by Assemblymember Garcia, AB 1373. Lobbying efforts by CalCCA and individual CCAs, including VCE, shaped the policy to ensure CCAs maintain their procurement autonomy. Importantly, CCAs and and CalCCA ended up in a "neutral" position after working out amendments with the Governor's Office, the author, and the relevant policy committees. Senator Dodd played an important role during negotiations earlier in the summer that prevented previous, harmful iterations of the proposed policy from advancing and VCE has appreciated his representation.

Lastly, staff and Pacific Policy Group pursued an amendment to include AgFIT funding in the proposed climate bond effort. While the negotiations on a climate bond have been delayed until 2024, the advocacy to date proved useful as Assemblymember Garcia's team are in support of including AgFIT in Mr. Garcia's proposed climate bond AB 1567. Staff and PPG will continue this effort when negotiations on a climate bond continue in 2024.

VCE staff, the LRTG and PPG are currently examining the following bills:

1. AB 1373 (Garcia) – Central Procurement

Summary: This bill would establish the Department of Water Resources (DWR) as the Central Procurement Entity (CPE) for the state. Further, the bill requires the PUC, by September 1, 2024, and biennially thereafter, to determine if there is a need for the procurement of additional offshore wind and geothermal energy resources and would authorize the PUC to then request DWR to centrally procure offshore wind and geothermal energy. In addition, this bill would require that the portfolio of resources required by the PUC for LSEs to procure ensures a reliable electricity supply that also provides optimal integration of resource diversity in a cost-effective manner, as specified.

AB 1373 in its previous form represented the Governor's energy trailer bill proposal that presented significant challenges for CCAs, mainly 1. a CPE that could procure any resource and could also be an IOU; 2. authorized PUC to enforce an LSE's integrated resource plan (IRP); and 3. assess an additional penalty on an LSE that fails to achieve its RA target without exemption. AB 1373 was amended based on input from CCAs to define DWR as the CPE and limit the CPE to only procure offshore wind and geothermal resources, limits the PUC's authority related to LSE procurement based on its IRP, and aligning potential RA penalties with capacity payments into the Strategic Reliability Reserve. While these amendments do not alleviate all of the concerns raised by CCAs they substantially move the bill in the right direction.

CalCCA has engaged in negotiations with the author's office, as well as with the Governor's Office and Senate budget leadership as it relates to the Governor's trailer bill, and discussions are ongoing.

CalCCA took a neutral position, as did VCE and other CCAs.

Additional Information

- Next Hearing: The bill will be heard next on the Senate Floor
- VCE has taken a Neutral position.
- Bill language: AB 1373

2. AB 50 (Wood) – Customer Energization

Summary: This bill would require the Public Utilities Commission, on or before July 1, 2025, to determine the criteria for timely service for electric customers to be energized, including, among other things, reasonable average energization time periods for categories of timely service, as specified. The bill would require each large electrical corporation that energized less than 35% of customers with completed applications exceeding 12 months in duration by January 31, 2023, to submit a report to the commission, as specified, on or before December 1, 2024, demonstrating that the large electrical corporation has energized 80% of customers with

applications deemed complete as of January 31, 2023, as specified. To improve the accuracy of projected demand and facilitate achievement of the goal of timely electric service through energization, the bill would require each large electrical corporation to evaluate and update, as necessary, its existing distribution planning processes. In order to inform the commission's determination of criteria for timely service, the bill would require the commission to annually collect certain information from each large electrical corporation until new reporting requirements are established. The bill would require the commission to establish a procedure for customers to report energization delays to the commission.
The issue of interconnection and energization have been a hot topic in the Legislature this year. Interconnection is the process of the utility connecting new generation into the transmission and distribution system while energization is the process of the utility connecting a new or upgraded home or business to the grid so that it can receive electricity. There have been numerous stories of IOU delay for both interconnection and energization, mostly in the PG&E service territory. VCE's service territory has experienced its share of energization delays, most notably the carpet recycling business that waited two years to be energized by PG&E.

AB 50 is authored by Asm. Wood of the North Coast, one of the most prominent instances of delayed energization came out of Humboldt County as PG&E informed the county it would not connect any new projects in the southern part of the county. Both Senator Dodd and Asm. Aguiar-Curry are co-authors of the measure.

Supporting AB 50 is consistent with Provision 2b of the VCE Legislative Platform to support legislation that reforms the utility regulatory and business model so that IOUs deliver greater benefits to ratepayers, and increase safety and reliability.

Additional Information

- Next Hearing: The bill will be heard next on the Senate Floor
- VCE has taken a Support position.
- Bill language: AB 50

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: September 14, 2023

Please find attached Keyes & Fox's August 2023 Regulatory Memorandum dated September 6, 2023 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 September 6, 2023.

KEYES&FOX LLP

EQ Research

Valley Clean Energy Alliance

Regulatory Monitoring Report

To:	Valley Clean Energy Alliance (VCE) Board of Directors
From:	Sheridan Pauker, Partner, Keyes & Fox LLP Tim Lindl, Partner, Keyes & Fox LLP Jason Hoyle, Principal Analyst, EQ Research, LLC
Subject:	Monthly Regulatory Update
Date:	September 6, 2023

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 two months.

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, aspects of the new Voluntary Allocation/Market Offer (VAMO) process, and other tariffs for the purchase of renewable energy.

Recent Developments: Retail Sellers, including VCE, filed their Draft 2023 RPS Procurement Plans on July 17, 2023. Comments on such plans were filed on August 15, 2023 and reply comments were filed on August 29, 2023. Retail Sellers filed motions to update their Draft 2023 RPS Procurement Plans on August 29, 2023. On August 17, the CPUC issued D.23-08-003 which modified D.19-09-043 to allow the IOUs to determine the effective load carrying capability (ELCC) of resources for purposes of RPS planning based on the method prescribed in the IRP proceeding rather than the current approach under which the ELCCs are determined using one method for RPS planning and a different method for IRP planning.

Analysis: The ACR on 2023 RPS Procurement Plans provides guidance for the content of Retail Sellers' Draft 2023 RPS Plans but made no significant changes to VCE's obligations. The ACR did include a new section for transmission reporting that applies to electric companies that own transmission assets.

Next Steps: A proposed decision on draft 2023 RPS Procurement Plans is expected in late 2023.

Additional Information: VCE Draft 2023 RPS Procurement Plan (Aug. 29, 2023); D.23-08-003 (Aug. 17, 2023); Ruling (Jun. 12, 2023); Assigned Commissioner's Ruling (May 5, 2023); VCE's Amended Final 2022 RPS Procurement Plan (May 2, 2023); D.22-11-021 (Nov. 18, 2022); Scoping Memo (Apr. 6, 2022); Docket No. R.18-07-003.

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 August 1, 2023, LSEs, including VCE, filed reports on their compliance with CPUC procurement requirements. On August 9, SCE and PG&E submitted a Joint Expedited Petition for Modification of D.21-06-035 requesting that the mid-term reliability (MTR) Decision be modified to extend the deadline for LSEs to meet the 2,500 MW Diablo Canyon Replacement Requirement by 2 years, from June 1, 2025, to June 1, 2027. On August 18, several parties filed a joint motion seeking an all-party meeting on the need for better coordination between the IRP and RA proceedings. Parties filed responses to this motion on September 5, 2023.

The Assigned Commissioner issued a Scoping Memo and Ruling on August 21 initiating the stakeholder process for the 2024 IRP filings. The issues to be considered include development of the 2023 Preferred System Plan, development of the Reliable and Clean Power Procurement Plan, updating the inputs and assumptions for IRP modeling, and development of policies to encourage procurement of certain long lead-time resources.

On August 24, the CPUC issued a Proposed Decision (PD) that would deny the Petition for Modification of D.22-05-015 filed jointly by San Diego Clean Power and Clean Energy Alliance on October 28, 2022 that requested modification of the provision in D.22-05-015 allowing a one-time purchase of resource adequacy capacity to account for load migration to CCAs in between the issuance of D.19-11-016 and D.22-05-015. The Petition sought to use the year-ahead load forecast as the basis for determining the resource adequacy capacity available via the one-time purchase rather than the actual load being served at the time D.22-05-015 was issued.

Analysis: The Joint Expedited Petition for Modification, if granted, would provide two additional years for LSEs to procure the 5-hour storage or demand response resources for replacement of the Diablo Canyon facility, but have no impact on other MTR procurement obligations. VCE's share of the Diablo Canyon replacement is 10 MW and is planned to be met using the Gibson Solar + storage project that was modified to include a 5-hour battery.

Next Steps: Comments on the PD are due September 13, reply comments are due September 18, and the decision may be heard as early as the October 12 Commission meeting. A proposed decision on the May 30 Petition for Modification regarding long lead-time resource compliance deadlines is expected during the third quarter. A staff proposal on the Reliable and Clean Power Procurement Plan is also expected to be released during the third quarter. In Q4, the Commission will analyze the need for backstop procurement under D.19-11-016. VCE's next IRP will be due in November 2024.

Additional Information: Proposed Decision (Aug. 24, 2023); Scoping Memo and Ruling (Aug. 21, 2023); Joint Expedited Petition for Modification (Aug. 9, 2023); Petition for Modification (May 30, 2023); D.23-02-040 on Procurement (Feb. 28, 2023); ALJ Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper (Sep. 8, 2022); D.22-05-015 (May 23, 2022); D.21-06-035 (Jun. 30, 2021); Scoping Memo (Sep. 24, 2020); Docket No. R.20-05-003.

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. VCE is a party to this proceeding as its scope relates to VCE's AgFIT dynamic rates Pilot. Phase 1-Track A will establish an income-graduated fixed charge 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 is now considering expansion of the AgFIT Pilot.

Recent Developments: On August 15, the ALJ issued a Ruling seeking party comment on a Staff Proposal to significantly expand VCE's AgFIT pilot and SCE's dynamic rates pilot to support near-term summer reliability. A workshop on expansion of the pilots was held on August 24, and the deadlines for comments on the Staff Proposal were extended via a Ruling issued on August 24. On August 22, the ALJ issued a Ruling updating the procedural schedule for Track A and providing guidance for briefs, specifically that briefs should be focused on initial implementation of income-graduated fixed charges (IGFCs).

Analysis: The Staff Proposal concludes that AgFIT has shown initial success in shifting load during ramp and peak hours. The Staff Proposal's Expanded Pilot #1 would open up AgFIT to all bundled and unbundled customers in PG&E territory and all types of agricultural load, lift the 5 MW cap and extend the length of this pilot by 3 years. The Staff Proposal's Expanded Pilot #2 would apply the AgFIT model within PG&E territory to medium and large commercial customers and residential customers on EV charging, home battery and electric heat pump rates. In Track A, the gradual move towards IGFCs will provide additional time for consideration and analysis prior to full implementation of this novel approach to aligning the structure of retail electric rates with utility cost structures while recognizing the importance of access to affordable electricity and ensuring that the changes to rate structures does not disproportionately harm large numbers of ratepayers.

Next Steps: Comments on the Staff Proposal to expand pilot programs are due September 18 and replies are due October 6. A workshop on expanding existing pilots, including AgFIT, and an opportunity for the filing of post-workshop comments is scheduled for September 24. Opening briefs on income-graduated fixed charges are due October 6, and a proposed decision is expected in March or April of 2024.

Additional Information: ALJ Ruling (Aug. 25, 2023); ALJ Ruling (Aug. 22, 2023); ALJ Ruling (Aug. 15, 2023); D.23-04-040 on electric rate design principles (May 3, 2023); D.23-04-008 (Apr. 14, 2023); CalCCA Reply Comments on Scoping Memo (Jan. 4, 2023); Phase 1 Scoping Memo and Ruling (Nov. 2, 2022); OIR (Jul. 22, 2022); Docket No. R.22-07-005.

RA Rulemaking (2023-2024)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and introduced the Central Procurement Entity (CPE) to ensure grid reliability and sufficient capacity. The proceeding is divided into an implementation track and a reform track.

Recent Developments: On July 26, CalCCA filed an Application for Rehearing of D.23-06-029, challenging the Commission's new rule limiting CCA expansion if the CCA had any RA deficiencies in the past two years. In its Application, CalCCA argues that the Commission overreached its jurisdictional authority. On August 4, Shell and the Alliance for Retail Energy Markets filed a joint Application for Rehearing of D.23-06-029 making similar arguments to those of CalCCA but with respect to Direct Access/Electric Service Providers. Also on August 4, Demand Response providers filed a joint Joint Application for Rehearing and a Motion for Partial Stay of D.23-06-029 regarding various Demand Response related changes in that decision. On August 24, the California Large Energy Consumers Association (CLECA) filed a Petition for Modification of D.23-06-029, also regarding Demand Response issues.

Numerous Parties have also held ex parte meetings with Commissioner offices regarding issues with the RA program.

Analysis: In sum, numerous parties have raised major contentions with D.23-06-029. Under D.23-06-029, a single RA deficiency would result in a minimum two-year delay of any CCA expansion, an additional penalty that CalCCA argues is discriminatory in that it doesn't apply to IOUs and that exceeds the statutory authority of the Commission. The highly constrained RA market and extremely high prices coupled with the ongoing transition to the "slice-of-day" methodology further complicates the issue and potential risks from the CCA expansion limit imposed under D.23-06-029.

Next Steps: D.23-06-029 closed the proceeding, but it has been reopened to address the Petitions for Modification and Applications for Rehearing. The next RA docket is expected to be opened within the next few months.

Additional Information: CLECA Petition for Rehearing (Aug. 24, 2023); Demand Response providers' Application for Rehearing, Joint Motion for Rehearing, Motion for Partial Stay (Aug. 4, 2023); CalCCA Application for Rehearing (Jul. 26, 2023); D.23-06-029 (Jul. 5, 2023); D.23-04-010 on Reform Track Phase 2 (Apr. 7, 2023); D.22-12-028 (Dec. 19, 2022); Amended Scoping Memo and Ruling (Sep. 2, 2022); Docket No. R.21-10-002.

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). Phase 2 GRC proceedings determine cost allocation among customer classes (e.g., Residential, Agricultural) and rate design issues. The proceeding is divided into two tracks. Track 1 addresses most matters, including PG&E's requested revenue requirement together with safety and environmental and social justice issues. Track 2 addresses the narrower matters of the reasonableness of the 2019-2021 actual costs recorded in the named memorandum accounts and balancing accounts and, to the extent relevant, safety and environmental and social justice.

Recent Developments: No recent developments in the past month.

Analysis: N/A.

Next Steps: In Track 1, a proposed decision was expected in Q2 2023 but is delayed. The Track 2 schedule is currently held in abeyance per an email ruling issued December 13.

Additional Information: PG&E AL 6968-E (Jun. 23, 2023); D.23-01-005 (Appendix 1 - Settlement Agreement) (Jan. 17, 2023); PG&E's Amended Application (Mar. 10, 2022); PG&E Affordability Metrics Report (Feb. 23, 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.

Recent Developments: On August 3, the Assigned Commissioner issued a Scoping Memo and Ruling regarding PG&E's 2024 ERRA Forecast. Issues identified in the Ruling include PG&E's request for approval of its sales and revenue forecasts; the Direct Access Customer Coalition's concerns regarding determination of the correct calculations for PCIA, CAM, and other charges included in rates; and CalCCA's identified issues related to the lack of a demonstration by PG&E that its request is just and reasonable, in compliance with previous Commission guidance, and prevents cost shifts between bundled and unbundled customers. On August 1, the ALJ issued a Ruling asking PG&E a series of questions regarding the "Fixed Generation Costs" in its 2024 ERRA Forecast case, as well as the impacts of those costs on the hypothetical "last remaining bundled customer." ALJs in Southern California Edison and San Diego Gas & Electric Company's parallel 2024 ERRA Forecast cases issued substantially identical rulings. Parties filed comments on August 16 and reply comments on August 23. In general, parties (including IOUs and CalCCA) recommended any issues related to the IOUs' "Fixed Generation Costs" be addressed in a Phase II of the IOUs' pending ERRA Forecast cases, but not in the current phases of those cases.

Analysis: PG&E's preliminary ERRA forecast indicates the possibility of a decrease in the PCIA rates (or an increase in the PCIA credit) paid by CCA customers across most vintages in 2024, but that forecast is expected to change significantly by the Fall Update (including likely increases to forecasted PCIA rates), based primarily on changes to brown power prices.

Next Steps: Intervenor testimony is due September 6. The Energy Division will provide its market price benchmark update on October 2, and PG&E will provide its fall update on October 16. A proposed decision is expected on November 22.

Additional Information: Scoping Memo and Ruling (Aug. 3, 2023); ALJ Ruling (Aug. 1, 2023); CalCCA Protest (Jun. 16, 2023); PG&E 2024 ERRA Forecast Application (May 15, 2023); Docket No. A.23-05-012.

NEW PG&E 2023 ERRA Trigger

Background: Energy Resource Recovery Account (ERRA) trigger applications are submitted when a utility forecast indicates an undercollection of more than four percent in the ERRA balance that will not self-correct to below four percent in under 120 days and will continue to exceed the four percent trigger threshold through the end of the year. Trigger applications are submitted to request a temporary rate increase in order to partially recover the undercollected ERRA balance.

Recent Developments: PG&E submitted an ERRA Trigger Application on July 28. In its Application, PG&E projected a five percent undercollected ERRA balance by December 2023, and proposed a rate increase effective November 1, 2023 to recover the Incremental ERRA Trigger Balance recorded as of September 2023 over a six-month period. The forecasted September 2023 balance was $256 million. On August 10, CalCCA filed a Protest recommending that (1) the Commission amortize PG&E's trigger balance over 12 months, effective on January 1, 2024, (2) consolidate this proceeding with PG&E's pending ERRA Forecast proceeding, A.23-05-012, and resolve both concurrently, and (3) the Commission adopt a procedural schedule that allows parties to address both PG&E's ERRA Trigger and Forecast applications in the same testimony, briefs, or other filings. On August 15, PG&E filed a Reply to CalCCA's Protest, in which the company re-iterated its request that a final Commission decision be issued by the October 12 voting meeting.

Analysis: PG&E's requested rate increase is expected to increase the system average bundled rate by up to 1.95 cents/kWh, or approximately 6.3% above the current level, effective November 1, 2023 through April 30, 2024.

Next Steps: A scoping memo, procedural schedule, and ruling addressing CalCCA's Protest are expected to be issued soon. A prehearing conference is scheduled for September 7.

Additional Information: PG&E Reply to Protest (Aug. 15, 2023); CalCCA Protest (Aug. 10, 2023); Application (Jul. 28, 2023); Docket No. A.23-07-012.

PG&E 2020 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. Phase 1 of this proceeding concluded in April 2022 with issuance of D.22-04-041 approving a settlement agreement. Phase 2 issues related to unrealized sales and revenues resulting from PG&E's Public Safety Power Shutoff (PSPS) events in 2020 are under consideration.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Phase 2 is expected to begin soon since the Commission recently resolved issues related to the establishment of a common accounting methodology for PSPS events in Phase 2 of the 2019 ERRA Compliance proceeding (see above).

Additional Information: D.22-08-009 extending statutory deadline (Aug. 11, 2022); Scoping Memo and Ruling (Jun. 21, 2021); Application (Mar. 1, 2021); Docket No. A.21-03-008.

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: PG&E filed supplemental testimony regarding unrealized sales associated with 2021 Public Safety Power Shutoff (PSPS) events on August 8.

Analysis: N/A

Next Steps: The target date for a Proposed Decision is Q3 2023.

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

PG&E 2022 ERRA Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Intervenor testimony is due September 22, and settlement discussions are scheduled for November.

Additional Information: Scoping Memo and Ruling (Jun. 2, 2023); PG&E 2022 ERRA Compliance Application and Notice of Availability (Feb. 28, 2023); Docket No. A.23-02-018.

Wildfire Fund NBC 2024-2026

Background: This rulemaking will set the Wildfire Fund nonbypassable (NBC) charge for the years 2024 through 2026. This charge was established by Assembly Bill 1054 (Stats. 2019, ch. 79), and is a per-kilowatt-hour charge set annually based on the Fund's revenue requirement request from the Department of Water Resources (DWR).
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: The 90-day Notice on the 2024 Wildfire NBC from the DWR followed by a Ruling seeking comment from parties is expected in September, and then a Proposed Decision in November followed by a Final Decision in December.
Additional Information: Scoping Memo and Ruling (May 22, 2023); Order Instituting Rulemaking (Mar. 21, 2023); Docket No. R.23-03-007.

Demand Response Programs (2023-2027)

Background: This proceeding addresses the IOUs' Demand Response (DR) Portfolio Applications required under D.17-12-003 for the years 2023-2027.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: Opening briefs are due September 30 on the Demand Response Auction Mechanism (DRAM), and a proposed decision is expected in January 2024. A proposed decision is expected in October 2023 for the 2024-2027 DR Program.
Additional Information: Resolution E-5267 on ELRP (May 23, 2023); ALJ Ruling on DRAM (Mar. 3, 2023); ALJ Ruling on ELRP (Mar. 2, 2023); Assigned Commissioner's Ruling (Jan. 27, 2023); D.23-01-006 (Jan. 13, 2023); Scoping Memo and Ruling (Dec. 19, 2022); D.22-12-009 (Dec. 6, 2022); Ruling consolidating Applications (May 25, 2022); PG&E Application (May 2, 2022); Docket No. A.22-05-002.

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: Evidentiary hearings were held in late August. No other recent developments in the past month.
Analysis: N/A
Next Steps: Opening briefs are due September 18, and a proposed decision is expected by the end of December.
Additional Information: PG&E Notice (Jun. 8, 2023); ALJ Ruling (Mar. 30, 2023); Scoping Memo and Ruling (Jan. 20, 2023); PG&E Application (Sep. 28, 2022); Docket No. A.22-09-018.

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), regarding 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, 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: No recent developments in the past month.
Analysis: N/A
Next Steps: The IOUs will submit their Pro-Forma Standard Multi-Property Microgrid Tariff on October 9, and comments are due October 27. The Joint Application for Rehearing is pending.
Additional Information: Scoping Memo and Ruling (Jul. 18, 2023); Draft Resolution M-4868 (Jun. 9, 2023); Joint Application for Rehearing (May 15, 2023); D.23-04-034 on Microgrid Incentive Program Implementation (Apr. 14, 2023); Scoping Memo (Dec. 17, 2021); Docket No. R.19-09-009.

Commercial EV Real-Time Pricing Pilot

Background: This proceeding approved PG&E's proposed commercial EV rate pilot featuring day-ahead hourly real-time pricing. This pilot includes real-time pricing for both imports from and exports to the grid by commercial EVs.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: Opt-in enrollment for the real-time pricing export compensation pilot now begins in February 2024. D.23-07-003 closed the proceeding.

Additional Information: D.23-07-003 (Jul. 17, 2023); PG&E Petition for Modification (Nov. 4, 2022); D.22-10-024 (Export Compensation Settlement) (Oct. 26, 2022); Corrected MGCC Study (Mar. 17, 2022); Scoping Memo and Ruling (Dec. 17, 2021); Application & Testimony (Oct. 23, 2020); Docket No. A.20-10-011.

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 territory). 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 the 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 recent developments in the past month.
Analysis: N/A
Next Steps: A proposed decision on FSR calculations is expected in October 2023.
Additional Information: Amended Scoping Ruling and Memo (Jun. 19, 2023); Joint Case Management Statement – Appendix (May 26, 2023); PG&E AL 6939-E (May 10, 2023); ALJ email Ruling (Mar. 17, 2023); ALJ Ruling and Staff Proposal (Jan. 6, 2023); Scoping Memo and Ruling (Sep. 16, 2021); OIR (Mar. 25, 2021); Docket No. R.21-03-011.

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.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: There is no current procedural schedule for this proceeding.
Additional Information: 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.

Transportation Electrification

Background: This rulemaking implements transportation electrification (TE) programs, tariffs, and policies. D.22-11-040 established a $1 billion rebate program for behind-the-meter EV charging equipment, focused on medium-duty/heavy-duty vehicles and disadvantaged communities and a $25 million pilot program for innovative, equity-focused TE programs administered by CCAs and community-based organizations.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: Under D.22-11-040, the program administrator contract must be filed by September 30, 2023.
Additional Information: SCE's Motion for Clarification (Jun. 7, 2023); SCE's Petition for Modification (May 25, 2023); VCE's Annual Vehicle-Grid Integration Report (Mar. 15, 2023); D.22-11-040 (Nov. 21, 2022); Ruling entering Staff Proposal on Transportation Electrification Framework to record (Feb. 25, 2022); Scoping Memo and Ruling (May 2, 2019); Docket No. R.18-12-006.

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901.
Recent Developments: No recent developments in the past month.
Analysis: N/A
Next Steps: There is no current procedural schedule for this proceeding.
Additional Information: ALJ Ruling (May 8, 2023); Draft Resolution SPD-3 (Sep. 16, 2022); ALJ Ruling (Sep. 13, 2022); Scoping Ruling with procedural schedule (Apr. 28, 2022); Order Instituting Rulemaking (Oct. 7, 2021); Docket No. R.21-10-001.

Other Dockets

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

Docket	Name	Status
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006.
I.15-08-019	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, the CPUC issued D.23-05-009 adopting the Safety Policy Division's Modified Staff Report and closing the proceeding.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group. Town Hall Report Q1 2023 (May 12, 2023) and Quarterly Regionalization Report for Q1 2023 (May 15, 2023).

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee August 24, 2023 Meeting
DATE:	September 14, 2023

This report summarizes the Community Advisory Committee's meeting held in person and via Zoom webinar on Thursday, August 24, 2023. The CAC did not hold a meeting in July 2023.

The CAC congratulated Diccon Westworth for being appointed to represent the City of Woodland. Staff informed those present that an application for the vacant At-Large seat has been received and that Staff continues to solicit applicants for the unincorporated Yolo County seat.

A. **Energy Markets update and Procurement Direction.** VCE Staff Gordon Samuel and Jaclyn Harr, Account Director at The Energy Authority provided a presentation on 1) State requirements on Load Serving Entities (LSEs), such as VCE, to procure a percentage of their load from eligible renewable resources and for LSEs to report compliance of interim targets during "compliance periods"; 2) how compliance is measured; 3) the different categories of measurement; and, 4) the allowable procurement within each category. The CAC discussed: strategies of procuring renewable energy, Renewable Portfolio Standard, Power Content Label, targets, Renewable Energy Credits (RECs) and differences between product content categories, and, effects of rate prices, budget, and load on customer rates. The CAC provided feedback on the procurement of short-term Renewable Energy Credit (RECs) for Compliance Period 4. The CAC voted to support Staff's recommendation to maximize the 10% allowance of Product Content Category (PCC) 3 RECs for Compliance Period 4. (8-0-0)

B. **Considered recommendation to the Board on a minor update to VCE's Strategic Plan and extension of planning period.** VCE Staff Edward Burnham provided a recap of the Strategic Plan Guidelines and summarized proposed (minor) updates to the goals within the Strategic Plan. After a brief discussion, the CAC voted to make a recommendation to the Board that they approve a minor update of VCE's Strategic Plan and extend current end of the planning period to the end of 2025. (8-0-0)

C. **Considered recommendation to the Board on Phase 2 of VCE's Electric Vehicle Rebate Pilot Program.** VCE Staff Sierra Huffman provided highlights of Phase 1 successes and reviewed the approach to be taken in Phase 2 of the EV Rebate Pilot Program. Ms. Huffman reviewed Phase 2's program design and the preliminary results of the EV Survey that was recently sent to Customers to get input on what customers need and

value when purchasing an EV. The CAC discussed: outreach plan, challenges of low income Customers, best ways to incentivize, rates, and future programs. The CAC voted to make a recommendation to the Board that they approve Phase 2 of VCE's Electric Vehicle Rebate Pilot Program. (8-0-0)

D. Reviewed 2023 CAC Long Range Calendar. The CAC reviewed proposed CAC meeting agenda items listed within the Long Range Calendar and suggested a few topics for future meetings.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Accept and attest to the veracity of VCE's Power Content Label for the Standard Green and UltraGreen products for 2022

DATE: September 14, 2023

RECOMMENDATION:
Attest to the veracity of the information presented in Valley Clean Energy's 2022 Power Source Disclosure Annual Reports and Power Content Label for the Standard Green and UltraGreen products.

BACKGROUND:
California Public Utilities Code requires all retail sellers of electric energy, including VCE, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy, and the associated emissions of greenhouse gases," that are delivered to their respective customers.[1] Applicable regulations direct retail sellers to provide such communications no later than October 1st of each year.[2] The format for requisite communications is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers. This format has been termed the "Power Content Label" by the California Energy Commission (CEC).

Information presented in the Power Content Label includes the appropriate share of total energy supply based on resource type, including both renewable and conventional fuel sources. In the event that a retail seller meets a certain percentage of its supply obligation from unspecified resources, the report must identify such purchases as "unspecified sources of power." Unspecified sources of power refers to electricity that cannot be sourced back to a specific generator, such as energy purchased through open market transactions.

During the 2022 calendar year, VCE delivered a substantial portion of its electric energy supply from various renewable energy sources, including eligible hydroelectric, solar, and wind. For VCE Standard Green customers, 17.5% of the energy delivered was from renewable energy resources with a greenhouse gas emissions intensity of 709 lbs CO2e/MWh. For UltraGreen

[1] California Public Utilities Code Section 398.1(b).
[2] Since October 1, 2023 occurs on a Sunday, Power Content Labels must be posted on VCE's website and provided to the CEC no later than October 2, 2023. The CEC will also consider Power Content Labels provided to customers in written promotional materials by January 2, 2024 as timely.

customers, 100% of the energy delivered was generated from renewable energy resources with a greenhouse gas emissions intensity of 0 lbs CO2e/MWh. A copy of VCE's Power Content Label listing the energy resources used during 2022 is attached.

Consistent with applicable regulations and CEC guidance, VCE will complete required customer communications in accordance with the October 2, 2023 and January 2, 2024 deadlines. All customers currently enrolled in the VCE program will receive the Power Content Label via mail or e-mail, as applicable.

To fulfill its Power Content Label reporting obligation, VCE may provide the CEC with the Board's attestation regarding the veracity of the information presented in VCE's 2022 Power Source Disclosure Annual Reports and Power Content Label for the Standard Green and UltraGreen products. Staff recommends VCE self-certify both the Standard Green and UltraGreen products in lieu of submitting them to a third-party Certified Public Accountant for a formal audit. VCE's technical consultants (The Energy Authority) prepared the Power Source Disclosure annual reports, which were subsequently reviewed by another VCE consultant (EQ Research). EQ Research's review, as detailed in the attached report, verified that the information contained in the annual reports and Power Content Label is accurate.

Based on the foregoing, staff requests that the Board accept this determination and attest to the veracity of the information included in VCE's Power Source Disclosure annual reports and Power Content Label for the Standard Green and Ultra Green products for the 2022 calendar year.

ATTACHMENTS:

1) 2022 Annual Power Source Disclosure Report for the Standard Green Product
2) 2022 Annual Power Source Disclosure Report for the Ultra Green Product
3) 2022 Power Content Label
4) EQ Research Report re 2022 Power Source Disclosure Annual Reports and Power Content Label

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
For the Year Ending December 31, 2022

Retail suppliers are required to use the posted template and are not allowed to make edits to this format. Please complete all requested information.

GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME
Valley Clean Energy Alliance

ELECTRICITY PORTFOLIO NAME
Standard Green

CONTACT INFORMATION	
NAME	Gordon Samuel
TITLE	Assistant General Manager & Director of Power Services
MAILING ADDRESS	604 2nd Street
CITY, STATE, ZIP	Davis, CA 95616
PHONE	1-855-699-8232
EMAIL	info@valleycleanenergy.org
WEBSITE URL FOR PCL POSTING	https://valleycleanenergy.org/power-sources/

Submit the Annual Report and signed Attestation in PDF format with the Excel version of the Annual Report to PSDprogram@energy.ca.gov. Remember to complete the Retail Supplier Name, Electricity Portfolio Name, and contact information above, and submit separate reports and attestations for each additional portfolio if multiple were offered in the previous year.

NOTE: Information submitted in this report is not automatically held confidential. If your company wishes the information submitted to be considered confidential an authorized representative must submit an application for confidential designation (CEC-13), which can be found on the California Energy Commissions's website at https://www.energy.ca.gov/about/divisions-and-offices/chief-counsels-office.

If you have questions, contact Power Source Disclosure (PSD) staff at PSDprogram@energy.ca.gov or (916) 639-0573.

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 1: PROCUREMENTS AND RETAIL SALES
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
Standard Green

Instructions: Enter information about power procurements underlying this electricity portfolio for which your company is filing the Annual Report. Insert additional rows as needed. All fields in white should be filled out. **Fields in grey auto-populate as needed and should not be filled out.** For EIA IDs for unspecified power or specified system mixes from asset-controlling suppliers, enter "Unspecified Power", "BPA", or "Tacoma Power" as applicable. For specified procurements of ACS power, use the ACS Procurement Calculator to calculate the resource breakdown comprising the ACS system mix. **Procurements of unspecified power must not be entered as line items below; unspecified power will be calculated automatically in cell N9**. Unbundled RECs must not be entered on Schedule 1; these products must be entered on Schedule 2. At the bottom portion of the schedule, provide the other electricity end-uses that are not retail sales including, but not limited to transmission and distribution losses or municipal street lighting. Amounts should be in megawatt-hours.

Retail Sales (MWh)	**732,719**
Net Specified Procurement (MWh)	182,317
Unspecified Power (MWh)	550,402
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	182,317
GHG Emissions (excludes grandfathered emissions)	235,572
GHG Emissions Intensity (in MT CO_2e/MWh)	0.3215

DIRECTLY DELIVERED RENEWABLES

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
Aquamarine Westside, LLC	Solar	CA	W12082	64553A		62547	128,429		128,429	128,429	-	-	
Aquamarine Westside, LLC (Phase 2)	Solar	CA	W12582	64553A		62547	2		2	2	-	-	
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

FIRMED-AND-SHAPED IMPORTS

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	Eligible for Grandfathered Emissions?
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

SPECIFIED NON-RENEWABLE PROCUREMENTS

Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
Balch #1 PH	Large hydro	CA				217	660		660	660	-	-	
Balch #2 PH	Large hydro	CA				218	2,347		2,347	2,347	-	-	
Belden	Large hydro	CA				219	1,946		1,946	1,946	-	-	
Bucks Creek	Large hydro	CA				220	667		667	667	-	-	
Butt Valley	Large hydro	CA				221	833		833	833	-	-	
Caribou 1	Large hydro	CA				222	635		635	635	-	-	
Caribou 2	Large hydro	CA				223	3,100		3,100	3,100	-	-	
Cresta	Large hydro	CA				231	1,565		1,565	1,565	-	-	
Drum #1	Large hydro	CA				235	434		434	434	-	-	
Drum #2	Large hydro	CA				236	2,669		2,669	2,669	-	-	
Electra	Large hydro	CA				239	3,362		3,362	3,362	-	-	
Haas	Large hydro	CA				240	1,837		1,837	1,837	-	-	
James B Black	Large hydro	CA				249	3,236		3,236	3,236	-	-	
Kerckhoff #2 PH	Large hydro	CA				682	3,103		3,103	3,103	-	-	
Kings River	Large hydro	CA				254	786		786	786	-	-	
Pit 1	Large hydro	CA				265	1,134		1,134	1,134	-	-	
Pit 3	Large hydro	CA				266	1,170		1,170	1,170	-	-	
Pit 4	Large hydro	CA				267	2,731		2,731	2,731	-	-	
Pit 5	Large hydro	CA				268	4,682		4,682	4,682	-	-	
Pit 6	Large hydro	CA				269	2,094		2,094	2,094	-	-	

Pit 7	Large hydro	CA				270	2,131		2,131	2,131	-	-	
Poe	Large hydro	CA				272	3,306		3,306	3,306	-	-	
Rock	Large hydro	CA				275	2,488		2,488	2,488	-	-	
Salt Springs	Large hydro	CA				279	1,361		1,361	1,361	-	-	
Stanislaus	Large hydro	CA				285	2,191		2,191	2,191	-	-	
Tiger Creek	Large hydro	CA				287	2,368		2,368	2,368	-	-	
NID-Chicago Park	Large hydro	CA				412	1,048		1,048	1,048	-	-	
PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS													
Facility Name	**Fuel Type**	**N/A**	**N/A**	**N/A**	**N/A**	**EIA ID**	**Gross MWh Procured**	**MWh Resold**	**Net MWh Procured**	**Adjusted Net MWh Procured**	**GHG Emissions Factor (in MT CO_2e/MWh)**	**GHG Emissions (in MT CO_2e)**	**N/A**
										-	#N/A		
										-	#N/A		
										-	#N/A		
										-	#N/A		

END USES OTHER THAN RETAIL SALES	**MWh**
Distribution losses	48,730

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 2: RETIRED UNBUNDLED RECS
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
Standard Green

INSTRUCTIONS: Enter information about retired unbundled RECs associated with this electricity portfolio. Insert additional rows as needed. All fields in white should be filled out. Fields in grey auto-populate as needed and should not be filled out.

Total Retired Unbundled RECs	-

RETIRED UNBUNDLED RECS				
Facility Name	Fuel Type	State or Province	RPS ID	Total Retired (in MWh)

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
Standard Green

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	128,431	17.5%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	128,431	17.5%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	53,886	7.4%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	550,402	75.1%
Total	**732,719**	**100.0%**

Total Retail Sales (MWh)	**732,719**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**709**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT ATTESTATION FORM
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
Standard Green

I, Gordon Samuel, Assistant General Manager & Director of Power Services, declare under penalty of perjury, that the information provided in this report is true and correct and that I, as an authorized agent of Valley Clean Energy Alliance, have authority to submit this report on the retail supplier's behalf. I further declare that all of the electricity claimed as specified purchases as shown in this report was sold once and only once to retail customers.

Name: Gordon Samuel

Representing (Retail Supplier):Valley Clean Energy Alliance

Signature: Gordon Samuel

Dated: May 23, 2023

Executed at: Davis, California

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
For the Year Ending December 31, 2022

Retail suppliers are required to use the posted template and are not allowed to make edits to this format. Please complete all requested information.

GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME
Valley Clean Energy Alliance

ELECTRICITY PORTFOLIO NAME
UltraGreen

CONTACT INFORMATION	
NAME	Gordon Samuel
TITLE	Assistant General Manager & Director of Power Services
MAILING ADDRESS	604 2nd Street
CITY, STATE, ZIP	Davis, CA 95616
PHONE	1-855-699-8232
EMAIL	info@valleycleanenergy.org
WEBSITE URL FOR PCL POSTING	https://valleycleanenergy.org/power-sources/

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If you have questions, contact Power Source Disclosure (PSD) staff at PSDprogram@energy.ca.gov or (916) 639-0573.

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 1: PROCUREMENTS AND RETAIL SALES
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
UltraGreen

Instructions: Enter information about power procurements underlying this electricity portfolio for which your company is filing the Annual Report. Insert additional rows as needed. All fields in white should be filled out. **Fields in grey auto-populate as needed and should not be filled out.** For EIA IDs for unspecified power or specified system mixes from asset-controlling suppliers, enter "Unspecified Power", "BPA", or "Tacoma Power" as applicable. For specified procurements of ACS power, use the ACS Procurement Calculator to calculate the resource breakdown comprising the ACS system mix. **Procurements of unspecified power must not be entered as line items below; unspecified power will be calculated automatically in cell N9**. Unbundled RECs must not be entered on Schedule 1; these products must be entered on Schedule 2. At the bottom portion of the schedule, provide the other electricity end-uses that are not retail sales including, but not limited to transmission and distribution losses or municipal street lighting. Amounts should be in megawatt-hours.

Retail Sales (MWh)	**7,205**
Net Specified Procurement (MWh)	7,205
Unspecified Power (MWh)	-
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	7,205
GHG Emissions (excludes grandfathered emissions)	0
GHG Emissions Intensity (in MT CO_2e/MWh)	0.0000

DIRECTLY DELIVERED RENEWABLES

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
Aquamarine Westside, LLC	Solar	CA	W12082	64553A		62547	6,093		6,093	6,093	-	-	
Putah Creek Solar Farm North	Solar	CA	W13206	64810A		66088	1,112		1,112	1,112	-	-	
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

FIRMED-AND-SHAPED IMPORTS

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	Eligible for Grandfathered Emissions?
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

SPECIFIED NON-RENEWABLE PROCUREMENTS

Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS

Facility Name	Fuel Type	N/A	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
										-	#N/A		
										-	#N/A		
										-	#N/A		
										-	#N/A		

END USES OTHER THAN RETAIL SALES	MWh
Distribution losses	479

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 2: RETIRED UNBUNDLED RECS
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
UltraGreen

INSTRUCTIONS: Enter information about retired unbundled RECs associated with this electricity portfolio. Insert additional rows as needed. All fields in white should be filled out. Fields in grey auto-populate as needed and should not be filled out.

Total Retired Unbundled RECs	-

RETIRED UNBUNDLED RECS				
Facility Name	Fuel Type	State or Province	RPS ID	Total Retired (in MWh)

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
UltraGreen

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	7,205	100.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	7,205	100.0%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	-	0.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
Total	**7,205**	**100.0%**

Total Retail Sales (MWh)	**7,205**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**-**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT ATTESTATION FORM
For the Year Ending December 31, 2022
Valley Clean Energy Alliance
UltraGreen

I, Gordon Samuel, Assistant General Manager & Director of Power Services, declare under penalty of perjury, that the information provided in this report is true and correct and that I, as an authorized agent of Valley Clean Energy Alliance, have authority to submit this report on the retail supplier's behalf. I further declare that all of the electricity claimed as specified purchases as shown in this report was sold once and only once to retail customers.

Name: Gordon Samuel

Representing (Retail Supplier):Valley Clean Energy Alliance

Signature: Gordon Samuel

Dated: May 23, 2023

Executed at: Davis, California

VCE 2022 POWER CONTENT LABEL

VALLEY CLEAN ENERGY

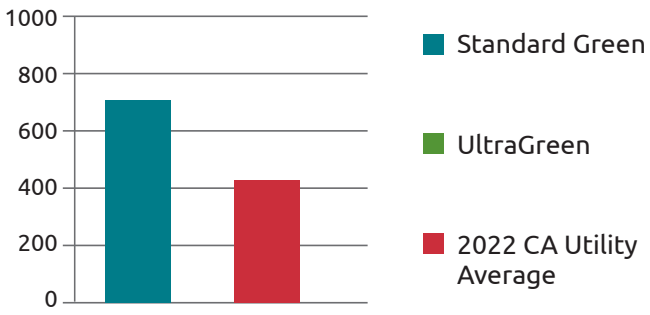
Why am I receiving this notice?

VCE is required by the California Energy Commission to send this information to customers who receive VCE electric service. The Power Content Label illustrates the content of the power you buy, compared to the standard Power Mix in California.

2022 POWER CONTENT LABEL
Valley Clean Energy Alliance
https://valleycleanenergy.org/power-sources/

Greenhouse Gas Emissions Intensity (lbs Co_2e/MWh)

Standard Green	UltraGreen	2022 CA Utility Average
709	**0**	**422**



Energy Resources	Standard Green	UltraGreen	2022 CA Power Mix
Eligible Renewable[1]	**17.5%**	**100.0%**	**35.8%**
Biomass & Biowaste	0.0%	0.0%	2.1%
Geothermal	0.0%	0.0%	4.7%
Eligible Hydroelectric	0.0%	0.0%	1.1%
Solar	17.5%	100.0%	17.0%
Wind	0.0%	0.0%	10.8%
Coal	**0.0%**	**0.0%**	**2.1%**
Large Hydroelectric	**7.4%**	**0.0%**	**9.2%**
Natural Gas	**0.0%**	**0.0%**	**36.4%**
Nuclear	**0.0%**	**0.0%**	**9.2%**
Other	**0.0%**	**0.0%**	**0.1%**
Unspecified Power[2]	**75.1%**	**0.0%**	**7.1%**
TOTAL	**100%**	**100%**	**100%**
Percentage of Retail Sales Covered by Retired Unbundled RECs[3]	**0%**	**0%**	

[1]The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.

[2]Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.

[3]Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

For specific information about this electricity portfolio, contact:	Valley Clean Energy Alliance 1-855-699-8232
For general information about the Power Content Label, visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	Toll-free in California: 844-454-2906 Outside California: 916-653-0237

Valley Clean Energy Alliance

POWER SOURCE DISCLOSURE INDEPENDENT REVIEW OF

STANDARD GREEN PRODUCT AND ULTRAGREEN PRODUCT

FOR REPORTING YEAR 2022

To: Gordon Samuel, Chief Operating Officer

From: Miriam Makhyoun, CEO, EQ Research, LLC
Blake Elder, Director, EQ Research, LLC

Date: September 6, 2023

Introduction

Valley Clean Energy Alliance (VCE) has engaged EQ Research, LLC (EQ Research) to assist with an independent review of VCE's Standard Green Power Source Disclosure (PSD) Annual Report and UltraGreen PSD Annual Report (together, the "Annual Reports") for the year ending December 31, 2022. EQ Research performed the procedures enumerated below to assist VCE with complying with the auditing and verification requirements of the PSD Program, as defined in Section 1394.2 of the California Code of Regulations, Title 20.

EQ Research obtained the underlying documentation[1] used by VCE to complete the Annual Reports from VCE and accepts the accuracy of the information provided by VCE. EQ Research did not access VCE's Western Renewable Energy Generation Information System (WREGIS) account information to verify the authenticity of the information provided by VCE but was provided an export of information from WREGIS.[2]

[1] All files referenced in this report can be accessed at: https://eqresearch.sharefile.com/d-s04fabee08d4e445b90c84c33af6e067d.
[2] See the file entitled, "2022PSDSupplyProductAllocations.xlsx" in the ShareFile link.

Review Procedures and Findings

EQ Research based its detailed review of the Annual Reports on the audit procedures detailed in Section 1394.2(b) of the PSD program regulations. The procedures and associated findings for the Annual Reports are detailed below.

Standard Green PSD Report Review and UltraGreen PSD Report Review

(b) Audit Procedures (1)(A)

EQ Research used the following publicly available sources in order to validate the information in the Annual Reports:

Source 1 (EIA): Energy Information Administration (EIA) Form 923 detailed data, eia8602022ER Zip File, *EIA923_Schedules_2_3_4_5_M_12_2022_Early_Release.xlsx*, Page 1 Generation and Fuel Data, accessed on August 22, 2023 from https://www.eia.gov/electricity/data/eia923/

Source 2 (EIA): EIA Form 860 detailed data, f923_2022 Zip File, *3_1_Generator_Y2022_Early_Release.xlsx*, Operable tab, accessed on August 22, 2023 from https://www.eia.gov/electricity/data/eia860/

Source 3 (CEC): California Energy Commission (CEC), California's Renewables Portfolio Standard (RPS) Public Search exported to Excel, accessed on August 15, 2023 from https://rps.energy.ca.gov/Pages/Search/SearchApplications.aspx

EQ Research agreed the specified purchases[3] by (a) facility name, (b) facility number provided by EIA, RPS ID, (c) kilowatt-hours, and (d) fuel type from the information used to prepare used to prepare the Annual Reports is consistent with what is presented in the Annual Reports Schedule 1[4] with one exception:

- There is no EIA Form 923 generation data for Putah Creek Solar Farm North so the kWh could not be cross-verified with EIA data.

EQ Research verified that the MWh listed in the Annual Reports do not exceed the annual MWh from EIA 923 data as expected (see Appendix A. Specified Facility Review Results) with one exception:

- There is no EIA Form 923 generation data for Putah Creek Solar Farm North so the kWh could not be cross-verified with EIA data.

EQ Research also tested the mathematical accuracy of Schedule 1 and noted no exceptions.

(b) Audit Procedures (1)(B)(1)

EQ Research agreed the facility name, facility numbers provided by EIA and RPS, kilowatt-hours, and the fuel type from the invoice match the information used to prepare Schedule 1 of the Annual Reports.

EQ Research verified the above information by comparing information from a sample of 17 invoices for power purchases represented in the 2022 Annual Reports and the information used to prepare Schedule 1 of the Annual Reports along with the CEC and EIA data mentioned in (b) Audit Procedures (1)(A) above. The invoices were for purchases of 135,634 MWh of the total

[3] There were no resales.
[4] This information was checked against information in the following links: Source for RPS IDs: https://rps.energy.ca.gov/Pages/Search/SearchApplications.aspx; Source for EIA IDs: https://www.eia.gov/electricity/data/eia923/.

189,522 MWh or 72% of the total MWhs purchased by VCE for both green tariffs in the 2022 Annual Reports.

See Appendix B. Sample of Purchases VCE used to Prepare Schedule 1 which shows two limitations to EQ Research's review that have been clarified by VCE as being limited only by the sample provided with no exceptions to note otherwise:

> VCE confirmed that outside of the sample of 17 invoices for the two PCC1 resources reviewed by EQ Research, there are additional invoices that were not reviewed by EQ Research for the remaining 53,888 MWh of carbon free purchases.
>
> Only the two PCC1 resources out of 29 resources total, 27 of which are carbon free, in Schedule 1 were represented in the sample of 17 invoices but VCE confirmed the other resources also have corresponding invoices not represented in this limited sample.

(b) Audit Procedures (1)(B)(2)

This is not applicable since there are no facilities in the Annual Reports owned by VCE.

(b) Audit Procedures (1)(B)(3)

EQ Research verified a match between the date of generation from the 17 invoices in the sample to the reporting period of the information used to prepare Schedule 1.

See the "Energy Delivery Term" column in Appendix B. Sample of Purchases VCE used to Prepare Schedule 1.

(b) Audit Procedures (1)(B)(4)

This requirement is not applicable since VCE did not use unbundled Renewable Energy Credits (RECs) in its Annual Reports.

(b) Audit Procedures (1)(C)

Section 1393(d) provides that emissions from purchases of eligible firmed-and-shaped products under a purchase agreement or ownership arrangement executed prior to January 1, 2019 are excluded from a portfolio's emissions intensity calculation. As shown on Schedule 1 of the Annual Reports, VCE did not claim any purchases from firmed-and-shaped imports for either Standard Green or UltraGreen products.

(b) Audit Procedures (2)

EQ Research obtained a copy of the 2022 Power Content Label to be provided to VCE customers for the Standard Green and UltraGreen products. EQ Research verified that the resource portfolio percentages listed for each product on the 2022 Power Content Label match the respective percentages listed in Schedule 3 of the Power Source Disclosure Annual Reports. EQ Research also verified that the greenhouse gas emissions intensity for each product listed on the Power Content Label match those calculated on the Power Source Disclosure Annual Reports.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than those specified parties

Appendix A. Specified Facility Review Results

RPS	Ultra Green	Standard Green	EIA Plant ID	RPS ID	Facility Name Vlookup using EIA ID	Facility Name VLOOKUP using RPS ID	Facility Name from VCEA Annual Reports	EIA Net Generation (MWh)	Gross MWh Generation Procured by VCEA in 2022	Net MWh Procured by VCEA in 2022	% Resource MWh VCEA Reported of Total EIA MWh	RPS ID Technology	EIA Technology	VCEA Fuel Type
1	1		62547	64553A	Aquamarine	Aquamarine Westside, LLC	Aquamarine Westside, LLC	672,616	6,093	6,093	0.9%	Photovoltaic	Solar Photovoltaic	Solar
1	1		66088	64810A	Putah Creek Solar Farm North	Putah Creek Solar Farm North	Putah Creek Solar Farm North	#N/A	1,112	1,112	#N/A	Photovoltaic	Solar Photovoltaic	Solar
1		1	62547	64553A	Aquamarine	Aquamarine Westside, LLC	Aquamarine Westside, LLC	672,616	128,429	128,429	19.1%	Photovoltaic	Solar Photovoltaic	Solar
1		1	62547	64553A	Aquamarine	Aquamarine Westside, LLC	Aquamarine Westside, LLC (Phase 2)	672,616	2	2	0.0%	Photovoltaic	Solar Photovoltaic	Solar
		1	217		Balch 1		Balch #1 PH	64,353	660	660	1.0%		Conventional Hydroelectric	Large hydro
		1	218		Balch 2		Balch #2 PH	226,603	2,347	2,347	1.0%		Conventional Hydroelectric	Large hydro
		1	219		Belden		Belden	174,359	1,946	1,946	1.1%		Conventional Hydroelectric	Large hydro
		1	220		Bucks Creek		Bucks Creek	67,850	667	667	1.0%		Conventional Hydroelectric	Large hydro
		1	221		Butt Valley		Butt Valley	74,617	833	833	1.1%		Conventional Hydroelectric	Large hydro
		1	222		Caribou 1		Caribou 1	57,797	635	635	1.1%		Conventional Hydroelectric	Large hydro
		1	223		Caribou 2		Caribou 2	283,724	3,100	3,100	1.1%		Conventional Hydroelectric	Large hydro
		1	231		Cresta		Cresta	155,228	1,565	1,565	1.0%		Conventional Hydroelectric	Large hydro
		1	235		Drum 1		Drum #1	41,615	434	434	1.0%		Conventional Hydroelectric	Large hydro
		1	236		Drum 2		Drum #2	261,235	2,669	2,669	1.0%		Conventional Hydroelectric	Large hydro
		1	239		Electra		Electra	332,444	3,362	3,362	1.0%		Conventional Hydroelectric	Large hydro
		1	240		Haas		Haas	171,261	1,837	1,837	1.1%		Conventional Hydroelectric	Large hydro
		1	249		James B Black		James B Black	310,697	3,236	3,236	1.0%		Conventional Hydroelectric	Large hydro
		1	682		Kerckhoff 2		Kerckhoff #2 PH	296,716	3,103	3,103	1.0%		Conventional Hydroelectric	Large hydro
		1	254		Kings River PH		Kings River	75,624	786	786	1.0%		Conventional Hydroelectric	Large hydro
		1	265		Pit 1		Pit 1	108,234	1,134	1,134	1.0%		Conventional Hydroelectric	Large hydro
		1	266		Pit 3		Pit 3	112,121	1,170	1,170	1.0%		Conventional Hydroelectric	Large hydro
		1	267		Pit 4		Pit 4	272,952	2,731	2,731	1.0%		Conventional Hydroelectric	Large hydro
		1	268		Pit 5		Pit 5	471,431	4,682	4,682	1.0%		Conventional Hydroelectric	Large hydro
		1	269		Pit 6		Pit 6	170,647	2,094	2,094	1.2%		Conventional Hydroelectric	Large hydro
		1	270		Pit 7		Pit 7	207,624	2,131	2,131	1.0%		Conventional Hydroelectric	Large hydro
		1	272		Poe		Poe	330,608	3,306	3,306	1.0%		Conventional Hydroelectric	Large hydro
		1	275		Rock Creek		Rock	264,501	2,488	2,488	0.9%		Conventional Hydroelectric	Large hydro
		1	279		Salt Springs		Salt Springs	128,143	1,361	1,361	1.1%		Conventional Hydroelectric	Large hydro
		1	285		Stanislaus		Stanislaus	203,421	2,191	2,191	1.1%		Conventional Hydroelectric	Large hydro
		1	287		Tiger Creek		Tiger Creek	226,110	2,368	2,368	1.0%		Conventional Hydroelectric	Large hydro
		1	412		Chicago Park		NID-Chicago Park	102,290	1,048	1,048	1.0%		Conventional Hydroelectric	Large hydro
							TOTALS	**7,210,053**	**189,522**	**189,522**	**2.63%**			

Appendix B. Sample of Purchases VCE used to Prepare Schedule 1

Invoice File Name	VCEA MWh on Invoice	Energy Delivery Term	Invoice or PO#	PCC1/2 Resource		VCEA PCL Total	Resource MWh Sum >= PCL	Match T/F
07 Jul-22 - AQUA-01-011 vF.pdf	16,518	July 2022	AQUA-01-011					
11 Nov-22 - AQUA-01-015.pdf	6,594	November 2022	AQUA-01-015					
2022AUG04 AQUA-01-007 vF CORRECTED.pdf	10,881	March 2022	AQUA-01-007					
Aquamarine AQUA-01-016 December 2022 CREDIT DO NOT PAY dtd 1-19-23.pdf	3,580	December 2022	AQUA-01-016					
Aquamarine Feb 2022 Inv AQUA-01-006 130756.62 dtd 4-8-22.pdf	7,435	February 2022	AQUA-01-006					
08 Aug-22 - AQUA-01-012 v1.xlsx	14,919	August 2022	AQUA-01-012					
09 Sept-22 - AQUA-01-013 vF.xlsx	12,020	September 2022	AQUA-01-013					
10 Oct-22 - AQUA-01-014 vF.xlsx	10,075	October 2022	AQUA-01-014					
Aquamarine Inv AQUA-01-008 April 2022 142516.65 dtd 5-26-22 due 6-25-22.pdf	13,515	April 2022	AQUA-01-008					
Aquamarine Inv AQUA-01-010 CREDIT DO NOT PAY June 2022 RA dtd 7-22-22.pdf	16,783	June 2022	AQUA-01-010					
Aquamarine Jan 2022 Inv AQUA-01-005 1795.65 dtd 4-8-22.pdf	6,344	January 2022	AQUA-01-005					
Aquamarine May 2022 Inv AQUA-01-009 145686.07 dtd 6-22-22 due 7-22-22.pdf	15,859	May 2022	AQUA-01-009	1	Aquamarine Westside, LLC	134,522	134,523	TRUE
Putah Creek Solar Farms Inv_22-10 7338.38 Covering 10-1-22 thru 10-14-22 dtd 12-	178	Oct 1-14 2022	22-10					
Putah Creek Solar Farms Inv_22-9 8169.56 Covering 9-20-22 thru 9-30-22 dtd 12-14	198	Sept 20-30 2022	22-9					
Putah Creek Inv_22-10-2 24449 10-1-22 thru 10-31-22 dtd 1-6-23.pdf	195	October 15-31 2022	22-10-2					
Putah Creek Inv_22-11 44621 11-1-22 thru 11-30-22 dtd 1-6-23.pdf	357	November 2022	22-11					
Putah Creek Inv_22-12 35108.35 12-1-22 thru 12-31-22 dtd 1-6-23.pdf	184	December 2022	22-12	1	Putah Creek Solar Farm North	1,112	1112	TRUE

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Bi-annual Enterprise Risk Management Report

DATE: September 14, 2023

RECOMMENDATION
Accept the Bi-annual Enterprise Risk Management Report – September 2023.

BACKGROUND & DISCUSSION
In 2018, the Board approved VCE's Enterprise Risk Management (ERM) Policy. The policy is centered on risk management best practices and policies for the energy sector. In summary, the VCE ERM policy contains the following sections:

- Introduction: This section introduces the value of ERM as a structured approach to managing risk and uncertainty. It lays out the objectives of VCEA's ERM function, providing the framework for evaluating and managing risk in the organization's decision-making process.

- ERM Roles and Responsibilities: The ERM roles are consistent with the Board-approved Wholesale Power Procurement & Risk Management Policy. The Enterprise Risk Oversight Committee (EROC) has primary responsibility for the implementation of ERM. The policy lays out the scope of the EROC's risk management authority.

- Business Practices: This section identifies the steps of risk management and the basic process associated with each step. The intent is to provide a high-level framework. Specific tools and techniques for implementing enterprise risk management will be recommended by the portfolio manager following approval of the policy.

- Management Reporting and Metrics: The policy defines an enterprise risk report that will be provided bi-annually to the Board.

Staff has used the consistent framework described in the ERM policy to identify various risks and related mitigations, and to ensure effective mitigation and communication across all levels of the organization. The attached ERM bi-annual report describes the activities that have taken place since March 2023 and the actions VCE is and will be taking to manage the top risks that have been identified.

Prior to this report, staff most recently presented the bi-annual update to the Board in March 2023, describing progress on the ERM plan since inception. Bi-annual updates are provided in March and September of each year.

ATTACHMENT

1. Bi-annual Enterprise Risk Management Report – September 2023

Valley Clean Energy

Enterprise Risk Management Report

September 2023

Executive Summary

Introduction and Background

In 2018, the Valley Clean Energy (VCE) Board adopted an Enterprise Risk Management (ERM) framework. The objective was to provide the Board with insight into risks that could impact the ability to execute VCE's mission and build credibility and sustain confidence in VCE's governance. In addition, the framework and reports are designed to enhance the understanding of significant risks to VCE, develop the capacity for continuous monitoring, provide for periodic reporting of risks, and establish a platform for responding to changing risk circumstances. This report is the 2nd of VCE's biannual risk reports for 2023; the prior ERM biannual Report was issued in March 2023.

ERM is a strategic approach to risk management that supports the achievement of organizational objectives through the management of integrated impacts of risks as an interrelated risk portfolio. ERM is a coordinated effort by management to treat all risks effectively, thereby reducing the overall cost of risk to the organization. The Executive Officer has charged functional leaders to oversee the treatment of known major risk categories and provide a risk overview to the Enterprise Risk Oversight Committee (EROC).

ERM Philosophy

VCE's ERM philosophy includes the following principles:

1. Identify, assess, prudently manage, monitor, and report on a variety of business-critical risks;
2. Provide enterprise risk context and linkage to existing core business processes to improve the allocation of limited resources;

ERM Approach

Staff has applied a multi-perspective approach to evaluate and estimate the trade-off between risk and cost of mitigation across VCE business functions. This approach addresses the following issues:

- Roles and responsibilities

- Definitions and language
- Risk heat map and risk exposure inventory
- Risk exposure monitoring, updating, and reporting
- Integration of ERM with key business processes
- Integration of risk awareness within corporate culture
- This framework supports the Board in exercising its overall responsibility to:
  - Regulate opportunities and risks for VCE;
  - Develop a better understanding of appropriate opportunities and risks for VCE;
  - Promote active management of risk exposure down to acceptable levels; and
  - Assist VCE in its achievement of business plan objectives and operational performance.

Summary of Activities through September of 2023

From an implementation perspective, progress continues on multiple fronts. Significant effort has been invested in creating an enterprise risk register. Risks to VCE have been identified, categorized, and rated. Existing risk controls and risk treatment measures implemented/proposed have also been identified. The risk register provides VCE's management with a consolidated view of risks being faced by VCE, the potential impact of those risks, mitigation actions, and assessment of short-term risk trends (i.e., higher/lower/steady).

Staff is using a consistent framework to identify various risks and related mitigations, and to ensure effective communication across all levels of the organization. In doing so, staff has completed the following developmental tasks:

1. Established the Executive Officer as Chief Risk Officer and Director of Finance & Internal Operations as risk process owner, focusing on day-to-day monitoring and coordination.
2. Developed ERM framework and tools
3. Conducted a risk survey
4. Developed VCE's top risk portfolio
5. Surveyed staff and management for ongoing risk input
6. Held monthly EROC meetings

Key Steps Taken Since the Last Biannual Update

Some actionable steps that VCE has taken since the last Board update in March 2023 include:

1. Have actively engaged from a regulatory and legislative standpoint, supporting regulatory statewide proceedings and settlements, meeting with key CPUC staff, and continuing progress on the annual VCE legislative platform.
2. Transition completed to the new Wholesale Energy Services (WES) provider The Energy Authority (TEA) in support of a stable and professionally managed portfolio.
3. Implemented rate adjustment policy and launched VCE's additional customer rate option "Base Green" and adopted customer rates for 2023 to further stabilize VCE's financial standing and support establishing a credit rating.
4. Continue to build cash reserves and meet debt covenants with River City Bank to help manage 2022-2023 cash flow requirements.
5. Successfully launched the AgFIT pilot program that provides growers with hourly dynamic rates and incentives for irrigation automation to better manage their energy costs and shift a small portion of VCE's peak load.

Key Risks

Key risks are those risks that, given VCE's current position, could negatively impact VCE's business model, future performance or prospects, solvency, liquidity, reputation, or prevent it from delivering on its local control commitment. These key risks are updated on an ongoing basis and look forward over a 5-year horizon to identify the:

- Nature and extent of risks facing VCE
- Likelihood and velocity of the risks and potential impacts
- VCE's ability to reduce or control such risks

Key Priorities for Risk Management in 2023:

1. Maintain the operational risk management process
2. Provide regular updates to the Board
3. Continue to take specific actions to mitigate risks as outlined in this document
4. Begin to develop contingency plans for unexpected and emergent events

Risk Portfolio

Top 5 Risks for VCE:

1. Commodity procurement
2. Regulatory & Policy risk
3. Capital availability/cash flow
4. Resource Adequacy
5. Rate Structure

The following tables outline current risks (Table 1) and summarize VCE's response plan for it's top identified risks (Table 2).

Table 1: Risk Description/Level

Risk	Description	Current Residual Risk	Target Residual Risk
PCIA	The PCIA rate for 2023 decreased by 84%. The lower energy usage has caused 2023 PCIA under collection and lower energy price forwards are expected to increase 2024 PCIA for the near term.		
Resource Adequacy	The supply of RA in the western US is tightening, and the regulatory framework is evolving. A combination of these two elements has resulted in an increased cost of RA and in some cases no available supply. Due to IOU interconnection delays, the Resurgence PV+S project will be partially delayed thus causing VCE to be short RA for Aug '23.		
Commodity Procurement	The 2023 market is experiencing fluctuations associated with commodity prices, including energy prices, resource adequacy, and other components of the energy portfolio.		
Regulatory & Policy risk	Risk of additional regulatory requirements increasing complexity and cost of operations.		

Risk	Description	Current Residual Risk	Target Residual Risk
Capital availability/cashflow	Capital / Cashflow Risk has been slightly reduced through the adoption of the new cost recovery rate policy, PCIA decreases, auto rate adjustment policy, and liquidity lines of credit with River City Bank.		
Economic Uncertainty	The risk from the ongoing geopolitical climate increases the chances of impacting gas prices, the economy, and associated cost forecasts.		
Rate structure	The risk of rate design for cost of service has been reduced with an updated rate policy and additional implementation of the "Base Green" rate option. VCE will continue to develop rate-setting options to minimize risks further.		
Cyber security & data privacy	Risk of a data breach as a result of a cyber breach or physical attack.		
Financial Markets Volatility	Swings in global energy markets, financial markets, and currencies due to current geopolitical events (e.g. Russian invasion of Ukraine) have created challenges that impact VCE's power costs.		
Changing customer expectations	Risk that customer's changing expectations as a result of innovation may result in reduced customer revenue and loyalty		
Opt-out rate	The risk of higher than expected opt-out has normalized despite PG&E's increases in both electricity transmission and distribution and gas rates. VCE implementation of "Base Green" product option should minimize opt-outs.		
Business model	Ability to quickly identify and respond to business risks that have the potential to impact the ability to achieve VCE goals.		
Media & Community	Risk of unfavorable public communications or events; spillover customer dissatisfaction related to PG&E's PSPS.		

Risk	Description	Current Residual Risk	Target Residual Risk
Unknown risks	Business and utilities attempt to identify and adapt to known risks but some potential events outside of VCE's control could have a debilitating impact on utilities in general and VCE in particular.		

	High Risk
	High/Moderate Risk
	Low/Moderate Risk
	Low Risk

Table 2: Summary of VCE top risk response plan

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
PCIA	Monitor risk & actively engage and respond		1) Continue direct involvement with CalCCA task groups to seek favorable rulings and settlements in the PCIA, ERRA, and other filings. 2) Work towards the potential long-term goal of attaining an option for a PCIA buy-out and sunset date.	The 2024 PG&E PCIA forecast is expected to increase due to 2023 under collection and forward market prices. VCE will continue to monitor Energy Resource Recovery Account (ERRA) proceedings.	Director of Finance

[1] Current trend of risk for VCE- increasing  , no change  or decreasing

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
Commodity Procurement	Reduce & manage risk		1) Continue to pursue long-term power purchase agreements to reduce the average cost of power in future years 2) Pursue regulatory and legislative avenues in addressing the extreme swings in pricing. 3) Take an active role in regulatory proceedings at the CPUC, including appeals, on various regulations that impact the cost of electricity, along with support from the CalCCA Regulatory Committee 4) Amending VCE's Wholesale Energy Risk Manual to extend the hedging horizon to multiple years in an effort to smooth market fluctuations.	Execution of PPA contracts Regulatory rulings that affect commodity procurement cost	Director of Power Procurement
Regulatory & Policy risk	Monitor risk & actively engage and respond		1) Take an active role in legislative sessions (contract with lobbyist and engage Board members for support / opposition on bills) along with support from CalCCA legislative committee	Weekly CalCCA Regulatory and Legislative Committee meetings Regulatory rulings Legislative actions	Executive Officer

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
			2) Follow and continue to update the annual VCE Legislative Platform 3) Take an active role in regulatory proceedings at the CPUC, including appeals, on various regulations that impact VCE and CC's that increase cost or bureaucracy without any significant safety or cost benefits to VCE and its customers along with support from CalCCA Regulatory Committee		
Capital Availability / Cash Flow	Monitor risk & actively engage and respond		1) Continue towards conserving cash, reducing debt, and lowering cash requirements. 2) Evaluate reserve policy changes. 3) Work towards the 2024 goal of securing an investment-grade credit rating.	VCE Line of credit agreements & renewals has been extended to 2024. VCE is working with Financial Advisor (PFM) to establish VCE's initial investment grade credit rating. Implement VCE Rate adjustment and Collections Policy	Director of Finance

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
Resource Adequacy	Reduce & manage risk		1) Take an active role in regulatory proceedings at the CPUC, including appeals, on various regulations that impact the cost of electricity along with support from the CalCCA Regulatory Committee. 2) Monitor and participate in CalCCA activities related to regional developments in RA. 3) Continue to develop portfolio of resources that satisfy various future RA program scenarios.	Execution of PPA contracts Regulatory rulings that affect RA cost, including non-compliance penalty structure	Director of Power Procurement

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
Rate Structure	Reduce & manage risk		1) Monitor and update Board based on analyst forecasts for ERRA proceeding. 2) Identify and mitigate risks outside of VCE control to limit impacts and frequency of rate changes. 3) Review and update rates for rate adjustment policy.	Economic outlook and Rate forecasts Monitor Regulatory proceedings that impact PCIA, RA, and ERRA. Monitor cash short-term and long-term impacts to reserve funds, credit lines, commercial negotiations, and PPA covenants.	Director of Finance

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Wholesale Energy Risk Management Policy

DATE: September 14, 2023

RECCOMENDATION
Approve the updated Wholesale Energy Procurement Risk Management Policy.

BACKGROUND
Load serving entities (LSEs), such as VCE, conduct business within the framework of enterprise risk management (ERM) policies. In 2018, VCE established an ERM policy and has been working under this policy since launch (https://valleycleanenergy.org/wp-content/uploads/Reso-2018-006-Adopt-Ent.Risk_.Mngmnt.Plcy_.pdf). In addition, since 85%+ of VCE's budget is related to energy procurement, VCE established several additional policies specifically related to energy risk. Examples of these policies are the procurement plan , directives and delegations and the wholesale energy risk management policy with amendment #1 . A Community Choice Aggregator (CCA) overall business enterprise has additional risk areas, including associated with regulatory risk, reputational risk, program risk, among others, but a CCA's risk policies are typically focused on wholesale energy procurement risk since that comprises such a significant percentage of a CCA's annual budget.

ANALYSIS
The energy sector has evolved during VCE's first five years of operation and how VCE approaches managing energy risk has evolved as well. The regulatory landscape continues to change, VCE's power portfolio is taking shape, and numerous other areas that impact VCE's business are evolving. Therefore, working with VCE's procurement consultants, The Energy Authority (TEA), staff has prepared and is recommending adoption of an update of the wholesale energy component of the ERM.

Staff, with the assistance from TEA, is proposing to update a component of the ERM. This staff report and the attached Wholesale Energy Procurement Risk Management Policy consolidates the energy policies noted above into one document that will be a large portion of the ERM. Earlier this year (February 2023) staff received feedback from the Board on this topic and staff is returning for final consideration by the Board. Item-18-Wholesale-Energy-Risk-Management-Update-2-9-23.pdf (valleycleanenergy.org)

Key updates to the VCE Wholesale Energy Procurement Risk Management Policy include (attached):

- Overall refinement of the Policy to focus on VCE's risk management strategy and practices directly associated with energy procurement, with examples and additional detail provided where appropriate to ensure a common understanding among VCE's Board, Staff, consultants, and members of the public reviewing the policy;
- Revisions to the Policy to account for the shift in Wholesale Energy Provider from SMUD to TEA
- Significant updates to Section 8. Energy Risk Procurement Strategy to account for strategy changes resulting from upheavals in California's wholesale energy market landscape (e.g. restructuring of the CPUC's Resource Adequacy Program) as well as VCE's own power portfolio (e.g. six operating power resource contracts with an additional six in development)
    - Updates include changes to VCE' Energy Hedging Targets, description of hedging program, and discussion of procurement strategy for other energy market products, such as Resource Adequacy

CONCLUSION

Staff is recommending an update of VCE's wholesale energy component of the ERM to keep its procurement related policies current with changing markets and regulatory landscape.

ATTACHMENT

1. Proposed Wholesale Energy Procurement Risk Management Policy

VALLEY
CLEAN ENERGY

Valley Clean Energy Wholesale Energy Procurement Risk Management Policy

Revised: September, 2023

Table of Contents

1. Policy Overview

1.1 Background and Purpose

Valley Clean Energy ("VCE")'s Wholesale Energy Procurement Risk Management Policy ("Policy") provides a structured, disciplined, and consistent approach to wholesale energy procurement risk management that facilitates risk-informed decision making in wholesale energy activities, which makes up more than 85% of VCE's annual budget. The Policy supports VCE in aligning its strategy, processes, people, and technology for the purpose of evaluating and managing energy procurement uncertainties inherent to the energy industry and power procurement. By strategically managing risk associated with power procurement activities, VCE can proactively reduce the chance of loss, identify and take advantage of procurement opportunities, create greater financial stability, and protect its resources to support its mission and create value for its members.

The ultimate purpose of the Policy is to support VCE's achievement of its goals by specifying management responsibilities, organizational structures, risk management standards, and the operating controls and limits necessary to appropriately identify, evaluate, and mange VCE's exposure to wholesale energy procurement risk.

Embedded within the above overarching objective of the Policy are a number of risk management goals for VCE, including:

- Provide the VCE Board of Directors ("Board") with transparency and insight into power procurement risks that could impact the ability to execute VCE's mission
- Implement well-defined wholesale energy risk management process, tools, and techniques
- Identify current and emerging electricity market risks, and prioritize and develop response plans when necessary
- Increase the likelihood of success in achieving VCE's power procurement objectives
- Build credibility and sustain confidence in VCE's governance by all stakeholders including private, federal, state, and local partners
- Improve the understanding of interactions and relationships between wholesale energy procurement risks for VCE by the Board, VCE Staff ("Staff"), and third-party service providers
- Establish clear accountability and ownership of wholesale energy procurement risk
- Develop the capacity for continuous monitoring and periodic reporting of power procurement risks

1.2 Statement of Risk Appetite

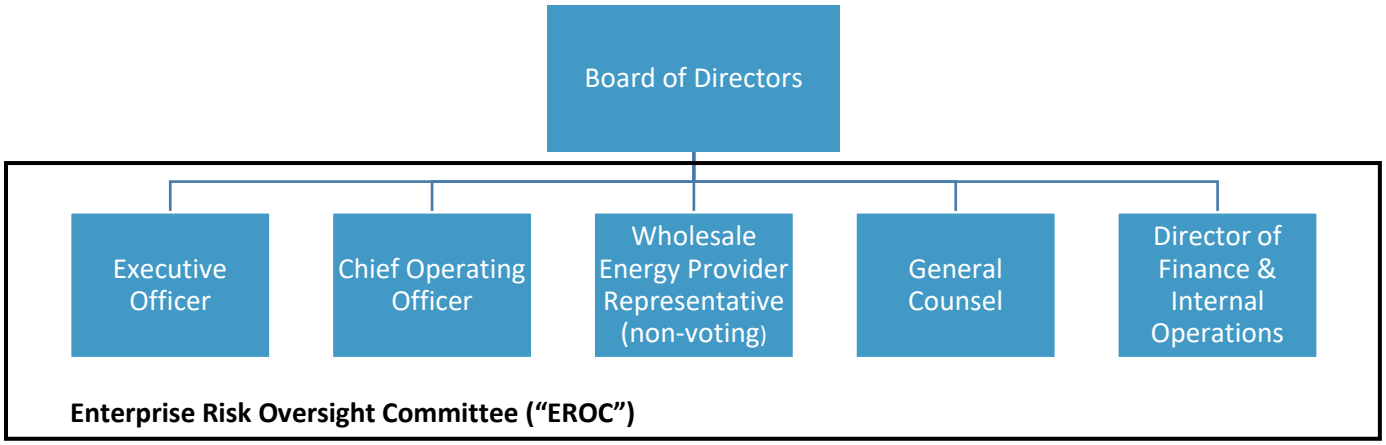
VCE's approach to wholesale energy procurement risk is to conservatively manage its exposure to financial, legal, compliance and regulatory, operational, strategic, and reputational impacts while accepting and balancing risk-taking in pursuit of its mission and objectives. It recognizes that its appetite for risk varies according to the activity undertaken, that acceptance of risk is subject to ensuring that

potential benefits and risks are fully understood before taking action, and that sensible measures to mitigate risk are established.

2. Wholesale Energy Procurement Risk Management Roles and Responsibilities

2.1 Wholesale Energy Procurement Risk Management Organizational Structure

Below is a high-level organization chart describing VCE's risk management governance.



2.2 Board of Directors

The VCE Board of Directors has the responsibility to review and approve the VCE Wholesale Energy Risk Management Policy. With this approval, the Board assumes responsibility for understanding the risks VCE is exposed to due to wholesale energy procurement activity and how the policies outlined in this document help VCE manage the associated risks. The Board of Directors is also responsible to:

- Determine VCE strategic direction in energy procurement
- Understand the procurement strategy employed
- Approve risk exposures beyond the EROC's authority
- Approve voting Members of the EROC

2.3 Enterprise Risk Oversight Committee

The EROC is responsible for implementing, maintaining, and overseeing compliance of the Policy. The voting members of the EROC shall be Board-approved VCE staff members. Additionally, a representative of VCE's Wholesale Power Manager will serve as a non-voting member of the EROC. The current voting members of the EROC are:

- Executive Officer
- Chief Operating Officer

- General Counsel
- Director of Finance & Internal Operations

The primary responsibility of the EROC is Risk Management: to ensure that risks, particularly those related to procurement activities, are managed to create value for VCE members in a manner consistent with the Policy and Board directives. In addition to this, the EROC is also responsible for Risk Monitoring: establishing VCE's risk appetite and risk tolerance levels and overseeing the development and implementation of processes used to analyze, prioritize, and address risks across VCE, particularly those related to procurement activities. Risk Monitoring may include proposing recommendations to adjust the Wholesale Energy Risk Management Policy when conditions dictate.

The EROC maintains the Wholesale Energy Risk Management authority and responsibility to:

- Approve and ensure that all procurement strategies are consistent with the Policy
- Determine if changes in procurement strategies are warranted
- Approve new transaction types, regions, markets, and delivery points
- Understand all financial and risk models used by VCE and any third-party service providers
- Understand counterparty credit review models and methods for setting and monitoring credit limits
- Meet to review actual and projected financial results and potential risks
- Authorize individual transactions that exceed an individual staff member's authority, as indicated in Section 3 below
- Escalate to the Board any risks beyond the EROC's authority

The Chief Operating Officer is the staff person that will own the Wholesale Energy Procurement Risk Management processes.

The EROC maintains the Wholesale Energy Procurement Risk Monitoring authority and responsibility to:

- Work with the Board to develop and establish a list of high priority wholesale energy procurement risks that will be monitored on an ongoing basis
- Approve Policy processes and risk appetite and risk tolerance guidelines
- Receive and review reports as described in the Policy
- Conduct and coordinate any actions identified as risk mitigation for the management of specific wholesale energy procurement risks
- Review summaries of limit violations
- Review the effectiveness of VCE's wholesale energy procurement risk measurement methods
- Maintain the Policy
- Monitor regulatory and legislative activities related to wholesale energy procurement
- Perform any other activities consistent with the Policy and governing laws that VCE's Board determines are necessary or appropriate

2.4 Wholesale Energy Provider

VCE's Wholesale Energy Provider ("WEP") is responsible for maintaining a strong segregation of duties, also referred to as "separation of function", that is fundamental to manage and control the risks

outlined in the Policy as well as the WEP's internal Energy Risk Management Policy. The WEP provides information to the EROC on the risk and credit models, methods, and processes that it uses to fulfil its obligations under its own Risk Policy as well as meet VCE's Policy. Staff members at the WEP responsible for legally binding VCE to a transaction will not also perform confirmation or settlement functions. With this in mind, the WEP's responsibilities are divided into front-, middle-, and back-office activities, as described below.

2.4.1 Wholesale Energy Provider – Front Office

The WEP's Front Office has overall responsibility for:

- Managing all commodity and transmission activities related to procuring and delivering resources needed to serve VCE's load
- Analyzing fundamentals affecting load and supply factors that determine VCE's net position
- Transacting within the limits of the Policy, and associated policies, to balance loads and resources and maximize the value of VCE's assets through the exercise of approved optimization strategies.

Other duties associated with the WEP's Front Office include:

- Assisting in the development of risk management hedging products and strategies, and bringing recommendations to the EROC
- Preparing each month a monthly operating plan for the prompt months that gives direction to the day-ahead and real-time trading and scheduling staff regarding the bidding and scheduling of VCE's resource portfolio in the California Independent System Operator ("CAISO") market
- Forecast and monitor day-ahead and real-time loads
- Keep accurate records of all executed transactions

2.4.2 Wholesale Energy Provider – Middle/Back Office

The WEP's Middle Office provides independent market and credit risk oversight. The Middle Office is functionally and organizationally separate from the Front Office. The WEP's Back Office provides support with a wide range of administrative activities necessary to execute and settle transactions and support the risk control efforts (*e.g. transaction entry and/or checking, data collection, billing, etc.*) consistent with both the WEP's Risk Policy as well as VCE's Policy. The Back Office is also functionally and organizationally separate from the Front Office.

The WEP's Middle and Back Offices have primary responsibility for trading control and for ensuring agreement with counterparties regarding the terms of all trades, including forward trading. The WEP's Middle and Back Offices have overall responsibility for:

- Estimating and publishing daily forward monthly power and natural gas price curves for a minimum of the balance of the current year through the next calendar year
- Calculating and maintaining the net forward power positions of VCE
- Ensuring that VCE adheres to all risk policies and procedures of both VCE and the WEP's in letter and intent

- Maintaining the overall financial security of transactions undertaken by the WEP on behalf of VCE
- Implementing and enforcing credit policies and limits
- Handling confirmation of all transactions and reconciling differences with the trading counterparties
- Reviewing trade tickets for adherence to approved limits
- Ensuring all trades have been entered into the appropriate system of record
- Ensuring that both pre-schedule and actual delivery volumes and prices are entered into the physical databases
- Carrying out month-end checkout of all transactions each month
- Reviewing models and methodologies and recommending EROC approval
- Providing supporting documentation for power supply audits

3. Delegation of Authority

3.1 Delegation of Transaction Authority

By adopting the Policy, the Board is explicitly delegating operational control and oversight to the EROC and the WEP, as outlined through the Policy. Specifically, to facilitate daily operations of the CCA in its wholesale energy procurement function, the Board is delegating transaction execution authorities shown in the table below.

Position	Maturity Limit	Term Limit	Energy Transaction Volume Limit (MWh)	Capacity Transaction Value Limit ($)
VCE Board of Directors	Any transaction that exceeds the Enterprise Risk Oversight Committee limits			
Enterprise Risk Oversight Committee	42 Months	36 Months	500,000	$5,000,000
Executive Officer	36 Months	30 Months	375,000	$3,000,000
Wholesale Energy Provider	30 months	24 Months	250,000	$1,500,000

These authorities will be applied to wholesale power activity executed outside of the CAISO markets. These limits provide both VCE and its WEP needed authorities to manage risks as they arise. Transactions falling outside the delegations above require Board approval prior to execution. Activity with CAISO is excluded from this table due to the nature of the market, where prices for activities may not be known until after transactions are committed.

All procurement executed under the delegation above must align with any subsequent procurement strategies or financial management policies authorized by the Board and the Energy Risk Procurement Strategy (see Section 8).

3.2 Monitoring, Reporting, and Instances of Exceeding Risk Limits

The WEP Middle Office is responsible for monitoring, and reporting compliance with, all limits within the Policy. If a limit or control is violated, the WEP Middle Office will send notification to the trader responsible for the violation and the EROC. The EROC will discuss the cause and potential remediation of the exceedance to determine next steps for curing the exceedance. VCE Power Resources staff are also responsible for monitoring transactions reported by the WEP and bringing to the EROC's attention any violations of limits within the Policy that have not been noted by the WEP.

4. Position Tracking and Management Reporting

The WEP will assist the Director of Finance & Internal Operations in working with the EROC to establish an appropriate reporting format and metrics for VCE staff to use in reporting wholesale energy procurement risks to the EROC and the Board. The reports will show metrics, status and additional mitigations where appropriate. Emerging risk evaluation and discussion will be integrated into the reporting and monitoring process. In addition to risk-specific reporting, consolidated summary reporting on the status of all high priority wholesale energy procurement risks will be reported out as follows:

- **Daily Financial Model Forecast**
  Latest projected power costs and financial performance, marked to current market prices and shown relative to financial goals provided to Staff daily
- **Monthly Net Position Report**
  Forward net position report presented monthly to the EROC
- **Daily Credit Report**
  A report showing credit exposure for the transactions that the WEP executes on VCE's behalf and passes through the WEP to VCE provided to Staff daily
- **Monthly Risk Analysis**
  Cash flow at risk and stress testing of the financial forecast relative to financial goals presented monthly to the EROC
- **Quarterly Report to EROC**
  A qualitative and quantitative report on the status of power procurement risks provided quarterly to the EROC
- **Semi-Annual Risk Report to the Board**
  Staff will report semi-annually to the Board on the status of wholesale energy procurement risks

5. Business Practices

5.1 Channels for Procurement and Trading Practices

VCE's WEP will access power markets and transact on behalf of VCE using the following market channels:

- **Direct Solicitation**
  The WEP will use its existing relationships to seek suitable bilateral agreements with counterparties directly, either through bilateral outreach or formal Requests For Offers ("RFOs")
- **Electronic Exchange Platforms**
  The WEP will use its access to platforms such as ICE (Intercontinental Exchange) to research markets and transact
- **Electronic Auction Platforms**
  The WEP will use its access to platforms such as EnerNoc to create and enter auctions for desired products
- **Brokers**
  The WEP will use its existing agreements with brokers to help locate trade partners for desired products

Considerations for the channel(s) used include:

- Type of product
- Market liquidity
- Credit quality and availability
- Timing
- Cost/fees
- Existing counterparties and transactions
- Resource and counterparty diversity
- Market conditions

The approved scope of market participation by VCE is limited to those activities required to capture reasonably expected value and cost stability from VCE's resource portfolio without engaging in speculative or unauthorized trading activities. Staff and individuals at the WEP may exercise some discretion on trade timing and volumes subject to exigent conditions (such as unusual weather, periods of illiquidity, load/generation deviations, and/or power system circumstances). VCE procurement practices are intended to prohibit the acquisition of unwarranted or additional exposure to price and volume risk beyond that projected and associated within the efficient utilization and optimization of VCE's resource portfolio. If any questions arise as to whether a particular transaction constitutes speculation, the EROC shall review the transaction(s) to determine whether the transaction would constitute speculation.

5.2 Transaction Type, Region, and Markets

Authorized transaction types, regions and markets are listed in Appendix A to the Policy. These transaction types, regions and markets are and shall continue to be focused on supporting VCE's financial policies, including the approved procurement strategy in Appendix B. New or non-standard transaction types may provide VCE with additional flexibility and opportunity but may also introduce new risks. Therefore, transaction types, regions, and markets not included in Appendix A, or transactions within already approved transaction types that are substantially different from any prior transaction executed by VCE, must be approved by the EROC prior to execution.

It is the responsibility of the WEP's Front Office to ensure that relevant departments have reviewed the proposed transaction and that material issues are resolved prior to submittal to the EROC for approval. If approved, Appendix A to the Policy will be updated to reflect the new transaction type.

5.3 Credit Policy and Counterparty Suitability

All procurement activities executed by the WEP on behalf of VCE, using the WEP's counterparty agreements, will be subject to the credit policies and procedures outlined in the WEP's Energy Risk Management Policy. The WEP's credit policy requires that all counterparties be evaluated for creditworthiness by the WEP Middle Office prior to execution of any transaction and no less than annually thereafter. Additionally, counterparties shall be reviewed if a change has occurred, or perceived to have occurred, in market conditions or in a company's management or financial condition. This evaluation, including any recommended increase or decrease to a credit limit, shall be documented in writing and includes all information supporting such evaluation in a credit file for the counterparty. A credit limit for a counterparty will not be recommended or approved without first confirming the counterparty's senior unsecured or corporate credit rating from one of the nationally recognized rating agencies and/or performing a credit review or analysis of the counterparty's or guarantor's financial statements. The WEP's credit analysis shall include, at a minimum, current audited financial statements or other supplementary data that indicates financial strength commensurate with an investment grade rating. Trade and banking references, and any other pertinent information, may also be used in the review process.

Counterparties that do not qualify for a credit limit or wish to enter into a transaction exceeding their credit limit must post an acceptable form of credit support or prepayment prior to the execution of any transaction. A counterparty to the WEP may choose to provide a guarantee from a third party, provided the third party satisfies the criteria for a credit limit as outlined in the WEP's Energy Risk Management Policy.

The WEP Middle Office will establish continuous monitoring of the current credit exposure for each Counterparty with whom the WEP transacts on behalf of VCE and include such information in the Current Counterparty Credit Risk Report.

The WEP will provide a credit review and recommendation for any counterparty with whom VCE contracts directly.

5.4 System of Record

The WEP's Middle Office will maintain a set of records for all transactions executed in association with VCE procurement activities. The records will be maintained in US dollars and transactions will be separately recorded and categorized by type of transaction. This system of record shall be auditable.

5.5 Transaction Valuation

Transaction valuation and reporting of positions shall be based on objective, market-observed prices. Open positions should be valued (marked-to-market) daily, based on consistent valuation methods, and data sources. Whenever possible, mark-to-market valuations should be based on independent, publicly available market information and data sources.

5.6 Stress Testing

In addition to limiting and measuring risk using the methods described herein, stress testing shall also be used to examine performance of the VCE portfolio under adverse conditions. Stress testing is used to understand the potential variability in VCE's projected procurement costs, and resulting retail rate impacts and competitive positioning, associated with low probability events. The WEP's Front and Middle Offices will collaborate on performing stress-testing of the portfolio as needed and distribute results. The EROC will provide guidance to the WEP as needed regarding what parameters should be stress tested and to what degree.

7. Authorized Transaction Types or Products

All transaction types listed below must be executed within the limits set forth in the Policy.

- CAISO Market Products
    - Day-ahead and Real-time Energy
    - Congestion Revenue Rights
    - Convergence Bidding
    - Inter-Scheduling Coordinator Transactions
    - Tagging into and out of CAISO
    - Ancillary Services
- Physical Power Products
    - Short- and Long-Term Power
    - Physical OTC Options
- Resource Adequacy
    - System, Local, and Flexible Resource Adequacy
    - Existing Contract Import Capability
- Physical Environmental Products
    - Renewable Energy Credits
    - Specified Source Power
    - Carbon Allowances and Obligations
- Transmission Access Charges
- Energy Generation
    - Energy Storage, including time-based arbitrage
    - Demand Response

The point of delivery for all products must be at a location within the CAISO service area.

Common Examples of Authorized Transactions:

Example 1: CAISO Market Products – Inter-Scheduling Coordinator Transactions – Energy Hedging

- VCE purchases a 25 MW September 2023 Peak APN IST at NP15 for $100/MWh, in August 2023
    - Total volume of 10,000 MWh and total notional value of $1.00M
    - This transaction is within limits of VCE's delegated authority to its WEP
    - VCE's EROC will be informed of the transaction

Example 2: Physical Environmental Products – Renewable Energy Credits – Product Content Category 1

- VCE purchases 50,000 MWh of Vintage 2024 PCC1 RECs for $45/REC, in December 2023
    - Total volume of 50,000 MWh and total notional value of $2.25M
    - Volume is within WEP's transactional authority, but notional is sufficient to require Executive Offer approval before execution
    - VCE's EROC will be informed of the transaction

Example 3: Resource Adequacy – System Resource Adequacy

- VCE purchases 5 MW Calendar Year 2025-2027 System RA for $18.00/kw-mo, in July 2024
    - Total notional value is 5 MW * $18.00/KW-mo * 1,000 MW/KW * 36mo = $3.24M
    - Notional value, term, and time to full maturity exceeds Executive Officer and WEP delegated authority, requiring EROC approval, but not Board approval

8. Energy Risk Procurement Strategy

8.1 Energy Risk Procurement Strategy Overview

This Energy Risk Procurement Strategy ("Strategy") provides a roadmap of how VCE procures the power supply requirements of its customers during the current calendar year plus next two calendar years. This is not a resource plan, insofar as a resource plan deals with issues such as the long-term resource goals of VCE. Ultimately long-term resource goals will be incorporated into shorter term procurement activity. The Strategy details procurement schedules (or where appropriate justifies the decision not to set schedules) for attaining wholesale, market-based products required by the CCA. Specific focus is on procurement of the following products:

- Fixed Price Energy (also known as system power or energy hedges)
- Portfolio Content Category 1 Renewable Energy
- Portfolio Content Category 2 Renewable Energy
- Portfolio Content Category 3 Renewable Energy
- Carbon Free Energy
- Resource Adequacy Capacity
- Congestion Revenue Rights

As discussed above, in addition to market-based transactions entered into pursuant to this Strategy, VCE will also procure assets, enter into long-term power purchase agreements (PPAs), and/or enter into other long-term contracts (*e.g. stand-alone energy storage*) pursuant to statutory and regulatory requirements and VCE program goals as established by the Board.

The overall goals of the Strategy are to identify exposure to commodity prices, quantify the financial impact that variability in commodity prices, load requirements, and generation output may have on the ability of the VCE to meet its financial program goals, and then manage the associated risk.

To help ensure long-term viability for the CCA, VCE has outlined the following goals in developing its power portfolio to establish metrics used for modeling and measuring risk exposures of VCE:

- VCE will target meeting all applicable Federal, regional, and local standards and regulatory requirements, including:
    - Meet CPUC Resource Adequacy requirements
    - Meet CAISO Tariff and Business Practice Manual requirements
    - Meet RPS Compliance Period energy content standards
- VCE will consider its overarching fiscal goals and concerns, such as maintaining competitive retail rates and funding financial reserves in balance with procurement decisions
- VCE will target procurement of the power portfolio product mix of renewables and non-RPS clean energy as directed by Board goals
- VCE will adhere to risk mitigating directives and delegations of the EROC

All procurement activities will be conducted to achieve results consistent with the above goals, regulatory compliance obligations, and to meet the power supply requirements of VCE's customers. Any

transaction that cannot be directly linked to a requirement of serving VCE's customers, or that does not serve to reduce risk as measured by the Cash Flow at Risk Metric described below, is prohibited.

8.2 Energy Hedging Strategy and Targets

8.2.1 Energy Hedging Overview

The time horizon for the energy hedging approach for VCE will be the prompt five (5) years. The energy hedging schedules described below provide a disciplined approach to procurement by mandating targeted hedge levels to be achieved by definite dates. This commonly utilized approach is intended to mitigate speculation of future wholesale market prices while also spreading procurement over a multi-year period.

The purpose of these hedging transactions is to reduce variability of power supply costs by gradually increasing the amount of energy hedged as the date of consumption approaches. Time driven strategies avoid the inherent impossibility of trying to consistently and accurately "time the market" when making hedging decisions. Additionally, VCE needs to spread its procurement efforts over time to effectively manage the potential negative price impacts of procuring a large volume of energy over a short period of time in an illiquid market.

Fixed price energy products, including block energy and shaped energy are used to manage the electricity commodity price risk that VCE faces as a CCA. Fixed price energy provides for the supplier to deliver a predetermined volume of energy, at a constant delivery rate, for a fixed price. Specific to VCE's customers, fixed price energy hedges are used to provide cost certainty and rate stability. A key goal of the CCA program is to reduce energy price uncertainty for the upcoming operating year(s) by procuring at least 70 percent and up to 100 percent of its energy needs with fixed price contracts thereby mitigating exposure to unexpected price movement.

8.2.2 Energy Hedging Targets

When assessing its requirements for fixed price energy, VCE will forecast the monthly energy requirements of its customers during heavy and light load hours[1] each month as well as the forecasted output from resources in its portfolio. Changes in regulatory, load, supply, and market dynamics may warrant occasional under- or over-hedging and subsequent remarketing of over-procured products.

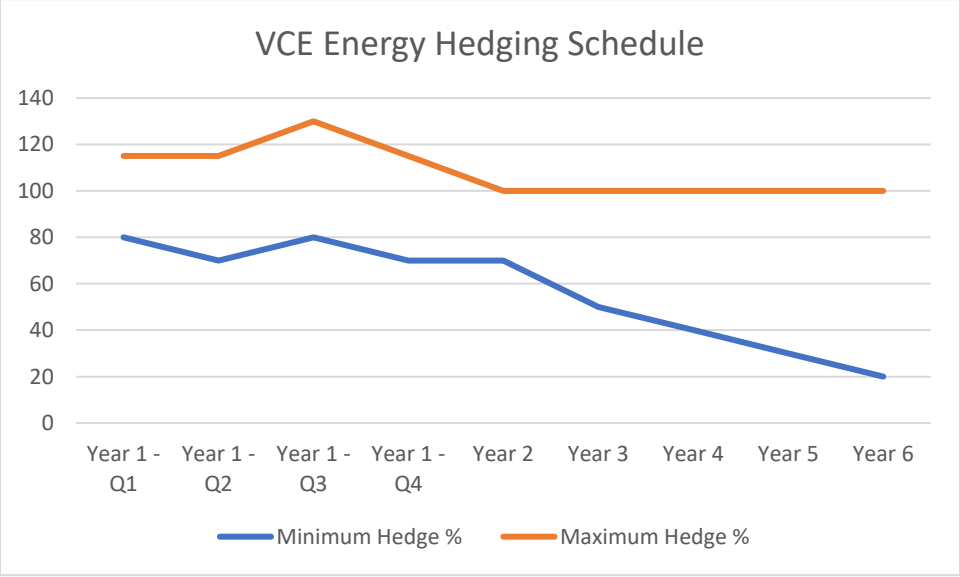
The targets below describe minimum and maximum percent hedge targets for identified future time periods. The definition of "Hedge %" in this context is the total fixed price megawatt hours (MWh) procured in the period divided by the total forecast load in MWh inclusive, as applicable, of the energy forecast to be provided by PPAs and other long-term resources within VCE's portfolio during respective time periods.

[1] Heavy Load (On-Peak) Hours in current wholesale energy markets are 6am to 10pm, Monday through Saturday, excluding New Years, Memorial Day, 4th of July, Labor Day, Thanksgiving and Christmas. All other hours during the year are considered Light Load (Off-Peak) Hours.

VCE will observe the following schedule when hedging its Fixed Price Energy requirements:

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Month (Jan -March/Q1)	80%	115%
Prompt Month (April-June/Q2)	70%	115%
Prompt Month (July-Sep/Q3)	80%	130%
Prompt Month (Oct-Dec/Q4)	70%	115%
Prompt Calendar Year (PCY)	70%	100%
PCY +1	50%	100%
PCY +2	40%	100%
PCY+3	30%	100%
PCY+4	20%	100%

The hedge schedule for the Prompt Month will be measured five calendar days prior to the first day of the particular month (*e.g. on January 27, 2024, VCE will have hedged 80 to 115 percent of its projected energy requirements during February 2024, which is in Q1*). The hedge schedule for the Prompt Calendar Year (PCY), as well as subsequent four calendar years, will be measured ten calendar days prior to each new calendar year (*e.g. on December 21, 2024, VCE will have hedged at least 70 percent of its forecast energy requirements for CY 2025, 50 percent of its forecast energy requirements for CY 2026, and 30 percent of its forecast energy requirements for CY 2027, CY2028, and CY2029*). This is shown visually in the chart below.



The targets described above represent total fixed-price MWh procured compared to total MWh load forecasts. They are intentionally not prescriptive regarding diurnal periods (HLH/LLH or Peak/Off Peak) which allows flexibility in procurement strategy given rapidly evolving market dynamics. Historically

Peak/HLH periods contain the most price risk. **Accordingly, VCE additionally requires HLH periods to be procured to a minimum 100% hedged level, using the same definition above, for Prompt Months.**

Hedging decisions to reach targets between the minimum and maximum hedge levels are based on price-driven or opportunistic strategies. The purpose of these strategies is to capitalize on market opportunities when conditions are favorable. VCE bases its decision to execute opportunistic hedges on the impact to projected power supply costs and the resulting reduction in cash flow at risk (CFaR). Opportunistic hedges may be executed when energy price levels are favorable to lowering the cost of power relative to established program goals and financial projections. Alternatively, opportunistic hedges can be executed in adverse market conditions relative to financial goals in order to reduce the potential negative impact of continued upward trending commodity prices relative to established goals.

Overall, the hedging targets described above are meant to provide VCE with an appropriate balance of firm procurement requirements while providing flexibility to staff to intelligently meet VCE's energy needs in a volatile industry. Flexibility is valuable in an energy hedging policy for multiple reasons:

- Operating with flexibility allows VCE to proactively manage risk while still leaving opportunity to benefit from changes in market fundamentals that are favorable to its underlying structural position.
- Flexibility in procurement timelines allows VCE to have several opportunities before a given energy flow period to transact hedges under varying market contexts. This allows for VCE to "dollar cost average" more effectively and minimize potential risk premiums.
- Forward energy position modeling relies on several forecast factors, which can change as information sets improve. Allowing for flexibility to respond to changes in assumptions is ideal and helps minimize the occurrence of unnecessary transactions.

Too much flexibility is detrimental to a hedging policy and can create undue risk, so VCE has chosen targets it believes balances the need to reduce risk with the goal of minimizing transaction costs with allowing VCE to take advantage of market opportunities as they arise and retain optionality with regards to how it faces the market.

While not proscribed within this Policy, VCE reviews its energy positions rigorously on a regular cadence in accordance with best market practices - beyond a simple compliance with the above hedging targets. In particular, VCE reviews hourly positions with a granularity surpassing diurnal position views and may make transactions aimed at further refining and shaping its energy position to better manage market risk. Furthermore, VCE evaluates positions not only on a deterministic basis, but a stochastic basis, in order to understand potential correlative effects between its structural position and market price risk. For example, VCE may seek to hedge more aggressively for summer Peak periods if stochastic risk analysis shows that VCE has risks that are correlated heavily with price movement (e.g. VCE has greater open positions and therefore more risk when fundamentals that raise prices take shape). More broadly, VCE seeks to do holistic management of portfolio risk that can be acted upon, utilizing the flexibility in its hedging targets discussed above with the primary goal of reducing risk and cost to its customers.

In executing this strategy, fixed price energy hedges may be purchased, sold, or moved from one month to another for the purpose of maintaining hedge coverage that matches changes in forecasted electric load. This includes the ability of the VCE to purchase standard products to hedge average loads over a defined time period and then later modify its portfolio by purchasing or selling more granular products to more precisely match load.

VCE does not set programmatic procedures assigned to Renewable Portfolio Standard, Carbon Free Energy, or Resource Adequacy products. Procurement of these products is primarily driven by VCE Board-adopted goals and regulatory compliance requirements, which in many cases apply prescribed hedging schedules, as further described in the respective sections below.

8.2.3 Summer Assessment

VCE will complete a Summer Assessment of market risk and hedging plan by June 1 of each year. This work product will be shared in draft form with the EROC in May of each year and will include:

- Analysis of summer exposure
- Fundamental analysis of market conditions
- Hourly load/resource balance forecast for June-September
- Recommendations on products and target hedge levels designed to mitigate peak hour and daily HLH exposure

Although compliance with the Fixed Price Energy schedule above will be measured monthly, **VCE shall endeavor to complete all Q3 hedging prior to June 15 of each year**, subject to and allowing for true-ups as load and generation profiles fluctuate throughout the summer season.

8.2.4 Power Charge Indifference Adjustment ("PCIA") Exit Fee and Hedging with Fixed Price Energy

Under the current PCIA construct, departing load is responsible for costs associated with procurement that the incumbent utility has already done on behalf of that load. At the time of departure, the applicable vintage portfolio[2] then serves as a hedge for the departing load in that as market prices increase, the departing load charges decrease, thereby reducing costs to CCA customers relative to bundled customers. Similarly, if market prices decrease, the departing load charges increase, due to more of the vintage portfolio being above market costs.

One impact of the PCIA on VCE is, therefore, the way it serves as a "lagging hedge" against energy price volatility. Increased market prices in one year will result in an all-else-equal lower PCIA in subsequent years, and vice versa, although the exact impact will depend on market-sensitive PG&E data that VCE does not have access to. In lieu of better quantitative data, hedging decisions will be made with the qualitative understanding that the PCIA may serve from a 5% to 20% "lagging hedge" on VCE's portfolio, dependent on market conditions and seasonality.

[2] The vintage portfolio is generally all contracts and utility-owned generation that was procured while the departing load was still receiving bundled service.

8.3 Congestion Revenue Rights

RTO markets such as the CAISO expose entities to financial basis risks between the point a seller supplies power (a "source" node) and the location where the buyer has load (a "sink" node). In order to manage this risk CAISO offers a financial product known as congestion revenue rights ("CRRs") which can be allocated to an entity or purchased via the CAISO CRR Auction. VCE will use both mechanisms to acquire necessary congestion hedges in on and off-peak periods to reduce risk between generation or fixed price energy purchase locations and VCE's load point. CRRs are limited in that they are designed to cover energy flows that are blocked into on-peak and off-peak periods and are not shapeable. As VCE's CRRs are used to manage a source-sink relationship consistent with utility hedging, exposure created by the CRR must be reasonably expected to have an offsetting effect on cashflow associated with the positions that necessitated the CRR in the first place across the period. It is acknowledged however that due to discrepancies in granularity, these cashflows will never be fully symmetric.

The WEP will calculate a Total Dollar Stop-Loss designed to limit the amount of capital that could be consumed taking into consideration both realized and unrealized gains. For CRRs, the WEP monitors a five percent outcome for CFaR for inclusion in the Total Dollar Stop-Loss value. Once the Total Dollar Stop-Loss reaches the limit outlined in the WEP's Energy Risk Management Policy all open position trading at the WEP on behalf of VCE is ceased and positions are liquidated if needed.

8.4 Compliance and Goal-Driven Procurement

This section covers procurement undertaken primarily to meet compliance requirements set by regulatory authorities and/or to meet Board-adopted goals.

8.4.1 Renewable Procurement

VCE has a compliance mandate to procure sufficient renewable energy to meet the state of California's RPS requirements, based on multi-year compliance periods, as well as Board-adopted goals regarding the sourcing of its portfolio from renewable and/or carbon-free sources. VCE will meet all current Board adopted goals and state compliance mandates in its renewable energy procurement.

A large portion of VCE's renewable energy supply will consist of Portfolio Content Category 1 ("PCC1") renewable energy. PCC1 renewable energy is sourced from a renewable generator either located inside of California or from a generator that is directly interconnected to the CAISO or other California Balancing Authority. 75% of the renewable energy used to meet VCE's RPS compliance requirement must be sourced from PCC1 renewable energy.

Additional renewable procurement can come from Portfolio Content Category 2 ("PCC2") renewable energy. PCC2 energy is sourced from renewable generators located outside the state of California and is "firmed and shaped" for reliable delivery into California. PCC2 purchases have historically been less expensive and shorter in term than PCC1, so they can provide a cost-effective and flexible method of augmenting VCE's renewable energy purchases to meet renewable portfolio content compliance requirements and goals. However, under the greenhouse gas emissions accounting methodology of the

California Energy Commission's Power Source Disclosure Program PCC2 renewable energy is ascribed the same carbon-intensity as "unspecified" system power unless matched one-to-one with carbon-free energy. The procurement strategy of this product is thus dependent on the combined price of PCC2 and carbon-free energy to meet VCE's total carbon-free goals, compared to the direct procurement of PCC1 energy, which receives a lower or zero carbon-intensity rating, dependent on fuel type. PCC2 purchases also require increased oversight of deliveries and compliance reporting, which further reduces the attractiveness of this product over PCC1 energy.

VCE does not intend to prioritize any procurement of Portfolio Content Category 3 ("PCC3") renewable energy, which takes the form of a credit "unbundled" from the energy production of a renewable asset, and can be procured from both in-state and out-of-state renewables. However, PCC3 is reserved for use to make up any shortfalls in renewable energy content in a given year stemming from volumetric changes in forecast versus actual load or volumetric changes in delivery of renewables. For example, this could occur if VCE's load in a given year is greater than forecast, or if a long-term renewable project under power purchase agreement with VCE underdelivers. PCC3 would only be used as insurance that VCE meets its desired power mix for a year when additional procurement of PCC1 and PCC2 is not feasible or financially responsible. No more than 10% of the renewable energy used to meet VCE's RPS compliance requirement can be sourced from PCC3 renewable energy, consistent with California state law.

As part of VCE's Renewable Procurement Plan, filed annually with the CPUC, VCE staff and consultants undertake an annual assessment of the entirety of VCE's renewable energy procurement activities with respect to both state compliance goals and Board-adopted goals. This analysis, which includes qualitative and stochastic risk assessment, feeds into VCE's renewable procurement timelines as well as its annual RPS compliance filing. The analysis is updated on an ad hoc basis throughout the year as a function of changing market dynamics or new procurement mandates. This assessment provides guidance and guardrails to VCE's renewable procurement strategy, similar to the energy hedging targets described above.

8.4.2 Carbon-Free Procurement

In pursuit of its goal to develop a clean and renewable energy portfolio, VCE shall procure incremental carbon-free energy in addition to the renewable procurement described above. Carbon-free energy generating facilities are typically hydroelectric resources located in California that are too large to qualify as Eligible Renewable Resources (greater than 30 MW) or located outside of California. Similar to PCC2 renewable energy contracts, carbon-free energy purchases are typically short-term, most frequently one to three years in length.

The majority of VCE's renewable energy is also carbon-free, which means that the analysis that drives VCE's renewable procurement decisions also underlie VCE's supplemental carbon free energy procurement. For this reason, VCE staff and consultants will utilize the annual renewable procurement planning and analysis process to also plan for carbon-free energy procurement rather than utilizing programmatic hedging targets. The purchase of carbon-free energy is a voluntary goal set by the Board, who may elect to reduce the total quantity of carbon free energy included in VCE's portfolio as it seeks to balance multiple program objectives, including financial targets for reserves and retail rates.

8.4.3 Carbon Allowances

Procurement of out-of-state power can be structured in a way that creates a Carbon Cap and Trade compliance obligation which must be covered by carbon allowances. VCE expects to avoid this obligation by structuring any out-of-state power transactions (e.g. Pacific Northwest Large Hydro) such that it is not the First Importer of power into the state. Therefore, it is not anticipated that carbon allowances will need to be procured by VCE. Should it be potentially commercially advantageous to structure a transaction such that VCE is the First Importer of energy into California, VCE will factor in the expected cost of procuring carbon allowances and increased compliance burden in its procurement decision.

8.4.4 Resource Adequacy Capacity

VCE will use best reasonable efforts to comply with the filing requirements of the CAISO- and CPUC-administered Resource Adequacy (RA) program, currently:

- 90% of System and Flexible RA requirements procured prior to the year-ahead RA showing on October 31st of the year prior to the showing year
- 100% of System and Flexible RA requirements procured prior to the month-ahead RA showings, due 45 calendar days prior to the first day of the showing month

Starting in the 2023 RA compliance year, procurement of local RA is solely the responsibility of the Central Procurement Entity (CPE) in PG&E's service territory, the only territory in which VCE serves load. Therefore, VCE no longer has a regulatory obligation to procure or show local RA to the state agencies. Instead, VCE has the option to self-show or sell its local RA capacity to the CPE to obtain some value for it, which also has a downside of reduction in VCE's RA portfolio flexibility to sell potential long RA positions.

RA is typically transacted via contracts that vary in length from one month to three years, and it is currently bought and sold via a bilateral market, which can result in cost-effective contracting opportunities but is also sometimes fragmented and volatile. Due to the nature of RA markets, monthly products are often bundled with other products or "strips" of multiple months of RA, which may result in over-procurement for one or more months as a necessary condition to satisfy compliance requirements in one or more other months. Execution of long-term PPAs or other contracts can also lead to over-procurement of RA products for future years, and inclusion of a defined hedging matrix for RA might require selling excess long-term RA to bring VCE into hedging compliance, even though such action may not be in VCE's best business and operational interest. Given these factors, as well as the fact that compliance guardrails already exist for the RA program, VCE does not have programmatic hedging targets for RA capacity.

The RA program's potential restructuring, which could significantly impact VCE's RA compliance requirements, is currently part of an open proceeding at the CPUC for potential test implementation in the 2024 compliance year and full implementation in the 2025 compliance year.

8.4.4 Long-Term Mandated Procurement

CPUC-jurisdictional entities participate in regular Integrated Resource Planning cycles led by the CPUC, which can result in mandates to procure a share of the capacity needed to help ensure the long-term

reliability of the California power grid. VCE will continue to target meeting all mandated capacity procurement requirements while attempting to procure low-cost resources that potentially provide additional energy products aligned with VCE's procurement goals.

8.5 CAISO Market Energy

Because VCE customers reside in the CAISO balancing authority, their load will be served physically by energy from the CAISO market. VCE is therefore subject to paying the price at the PG&E Default Load Aggregation Point (DLap) where it is assumed to take energy.

The WEP's CAISO Desk will create and analyze daily short-term load forecast profiles that take into account weather and other variables. Forecasted hourly loads for VCE will bid into the CAISO Day Ahead market by 10am the prior day. All awarded from the Day Ahead market will carry over to the Real Time market. Any deviations in VCE's actual load in Real Time from what is scheduled int the Day Ahead market will pay or be paid at the Real Time market prices.

8.6 Energy Risk Procurement Strategy Metrics

The success of the Energy Risk Procurement Strategy will be measured by realizing power supply costs in line with the budgeted power supply costs used to set customer rates, as well as by reducing VCE's exposure to commodity price risk. The following two metrics will be utilized to manage the Energy Risk Procurement Strategy:

- Current projected power supply costs will be compared to budgeted power supply costs where budgeted costs will be based on the assumptions used at the time customer generation rates are set. Current power supply costs shall use all fixed price contracts executed as of the date of the report. All open positions will be marked to market and compared to the budgeted power supply costs.
- Cash Flow at Risk (CFaR). CFaR represents a statistical view of what could happen to VCE's power supply costs and CRR portfolio assuming that no action is taken to manage its portfolio from the date of the analysis through the end of the period of time being analyzed. The potential CFaR will be calculated using a historical sampling methodology that considers on- and off-peak periods separately over the remaining life of the transactions. The CFaR calculation will consider potential variability in load and generation supply. The CFaR will be calculated by rank ordering the portfolio cost and measuring the difference between the 95th percentile and the expected power cost outcome.

These metrics will be reviewed when making price-driven or opportunistic hedging decisions to ensure that the transactions are consistent with the goals of the Energy Risk Procurement Strategy. These metrics will be updated and reported by the WEP to the EROC on a monthly basis.

9. Definitions

The following are definitions of commonly used energy procurement terms utilized in this document and in discussing energy procurement strategy and processes.

- **Back Office**
  That part of a trading organization which handles transaction accounting, confirmations, management reporting, and working capital management.
- **Bilateral Transaction**
  Any physical or financial transaction between two counterparties, neither of whom is an Exchange or market entity (*e.g. CAISO*).
- **Cash Flow at Risk**
  A probability-based measure of the extent to which future cash flows may deviate from expectations due to changes in load, generation and/or market prices of energy. (For RCEA, the most relevant Cash Flow at Risk metric is a measure of the potential for net revenues to deviate from the current forecast.)
- **CAISO**
  California Independent System Operator. CAISO operates a California bulk power transmission grid, administers the State's wholesale electricity markets, and provides reliability planning and generation dispatch.
- **CCA**
  Community Choice Aggregator. CCAs allow local government agencies such as cities and/or counties to purchase and/or develop generation supplies on behalf of their residents, businesses, and municipal accounts.
- **Commodity**
  A basic good used in commerce that is interchangeable with other goods of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.
- **Commodity Price or Market Price**
  The price at which electricity, gas, capacity, and renewable attributes are bought and sold.
- **Confirmation Letter**
  A letter agreement between two counterparties that details the specific commercial terms (e.g., price, quantity and point of delivery) of a transaction.
- **Congestion Revenue Rights**
  Congestion Revenue Rights (CRR) are financial instruments used in the Day Ahead market to hedge the difference in price between two locations caused by congestion.
- **Counterparty Credit Risk**
  The risk of financial loss resulting from a counterparty to a transaction failing to fulfill its obligations.
- **Customer Load**
  A single customer's power usage that receives power from the electric system.

- **Day-Ahead**
  Refers to the day before actual power flow begins. For example, in the CAISO, the Day-Ahead market for Tuesday's flow date closes on Monday at 10am.
- **Default Load Aggregation Point (DLap)**
  A set pricing nodes used in the CAISO market for the submission of demand bids and for settlement of demand. The purpose of a DLap is to collapse into a single pricing node, the various locations of a load serving entity's load that are distributed throughout the system.
- **Delivery Point**
  The point at which a commodity will be delivered and received.
- **Energy Products**
  Means all commodities and commodity related products, both physical delivery and financial instruments, related to meeting the wholesale energy, regulatory, hedging, and/or risk management needs of VCE. The types of products include, but are not limited to: Energy; Capacity; Resource Adequacy; Local Capacity; System Capacity; Ancillary Services; Environmental Attributes (including but not limited to RECs, Carbon Allowances, and other required environmental attributes); Forwards; Futures; Swaps; Options; Congestion Revenue Rights; and other energy and commodity related products as needed.
- **Financial Product**
  A contract in which the value is derived from an underlying physical commodity but which does not require physical delivery or receipt of the commodity.
- **Front Office**
  That part of a trading organization which solicits customer business, services existing customers, executes trades, and ensures the physical delivery of commodities.
- **Hedging Transaction**
  A transaction designed to reduce the exposure of a specific outstanding position or portfolio; "fully hedged" equates to complete elimination of the targeted risk and "partially hedged" implies a risk reduction of less than 100%.
- **Illiquidity**
  Occurs when an asset cannot easily and quickly be sold or exchanged for cash without a substantial loss in value.
- **Limit Structure**
  A set of constraints that are intended to limit procurement activities.
- **Limit Violation**
  Any time a defined limit is violated.
- **Liquidity**
  Efficiency or ease with which an asset can be transacted without affecting its market price.
- **Long Position**
  A long position means there is not an open or short position, and that excess supply exists. In addition, as load forecasts are updated, if an excess exists, that excess is also considered a long position. For the renewable power purchase example (see Open Position), if 60,000 MWh have been procured for a 50,000 MWh need, a long position of 10,000 MWh will exist.
- **Middle Office**
  That part of a trading organization that measures and reports on market risks, develops risk management policies and monitors compliance with those policies, manages contract

administration and credit, and keeps management and the Board informed on risk management issues.

- **Non-Standard**
  Any product that is not commonly transacted among market participants in forward markets. The nonstandard attribute of the product could be a function of a number of factors such as volume, delivery period and/or term.
- **Open Position**
  For any given timeframe, any commodity requirement that is unfilled is considered to be an open position. For instance, if there is a requirement to procure 50,000 MWh of renewable power in a calendar year, until 50,000MWh of renewable power purchases have been secured, there will be an open position equal to the remaining MWh value needed to reach 50,000 MWh.
- **PCIA**
  Power Cost Indifference Adjustment. The PCIA is intended to compensate Investor-Owned Utilities for their stranded costs when a bundled customer departs and begins taking generation services from a CCA.
- **Physical Product**
  A contract which requires the seller to physically deliver, and the buyer to physically receive a given commodity.
- **Price Risk (also known as Market Price Risk)**
  Price Risk is the risk that prices for power are different than have been assumed for financial planning and budgeting. Price Risk is hedged by procuring fixed-price forward contracts for power.
- **Portfolio**
  The aggregation of commodity-related products (both physical and financial) procured to serve load and meet other policy goals.
- **Prompt**
  The period immediately following the current period, e.g. in February the prompt month is March.
- **Real Time**
  Refers to the actual day in which power flows. In the CAISO, the Real-time market opens at 1pm the day before flow date and closes for each hour 75 minutes prior to the start of scheduled flow.
- **Renewable Energy Certificate (REC)**
  A REC is evidence of the production equal to one megawatt-hour of generation from a certified renewable energy resource.
- **Retail Load**
  The summation of all customers' loads that receive power from the electric system.
- **Scheduling**
  The actions of the counterparts to a transaction, and/or their designated representatives, of notifying, requesting and confirming to each other the quantity and type of product to be delivered on a given day.
- **Separation of Function**
  Also referred to as “segregation of duties,” part of a complete risk control framework.

Individuals responsible for legally binding the organization to a transaction should not also perform confirmation, clearance, or accounting functions.

- **Settlement**
  Settlement is the process by which counterparties agree on the dollar value and quantity of a commodity exchanged between them during a particular time interval.
- **Short Position**
  A short position is an open position. The volumetric value of a short position is determined by the shortfall in volume compared to the requirement. For the renewable power purchase example, if 30,000 MWh of the 50,000 MWh requirement has been procured, a short position of 20,000 MWh remains.
- **Specified Source**
  A Specified Source is an out-of-state generator that meets the requirements of the California Air Resources Board such that the carbon intensity of that resource's emissions (typically zero, or lower than that of unspecified imports) can be declared by the California entity importing the power.
- **Stress Testing**
  The process of simulating different financial outcomes to assess potential impacts on projected financial results. Stress testing typically evaluates the effect of negative events to help inform what actions may be taken to lessen the negative consequences should such an event occur.
- **System Load**
  The summation of all customers' loads that receive power from the electric system. System Load includes applicable transmission and/or distribution losses.
- **Volumetric Risk**
  The effect of fluctuations in demand for load or for production of generation from a generator.
- **Western Renewable Energy Generation Information System (WREGIS)**
  The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC).
- **Wholesale Energy Provider**
  An entity broadly responsible for managing the purchase and sale of energy commodity-related products in the commodity portfolio in an effort to serve load and meet other policy goals.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Strategic Growth Council Grant Application – Esparto-Capay Microgrid

DATE: September 14, 2023

RECCOMENDATION
Approve Resolution permitting VCE to receive funds from the Strategic Growth Council's Community Resilience Centers grant program.

BACKGROUND
In April 2023 the Board approved a 20-year term amended power purchase agreement (PPA) for the Gibson renewable photovoltaic (PV) plus battery storage (BESS) project located in Yolo County. This project consists of 13MWac PV with 13MW DC coupled BESS with an up to five (5) hour duration – 65MWh. Staff informed the Board that in March 2023, VCE submitted a grant application to the California Department of Food and Agriculture (CDFA) for $5.7M to enable the Gibson project to have the capability to operate in a microgrid state. The grant opportunity is part of the CDFA's Community Resilience Centers Program. The project would utilize the proposed Gibson project as well as additional electrical infrastructure (grant funds would support this additional infrastructure) to serve the Capay valley in times of electrical outages. The overall project would be called the Esparto Capay Multi-Customer Microgrid project. The grant application received support from Senator Dodd, Assembly Member Aguiar-Curry, The Climate Center and PG&E. The results of the CDFA grant have not been released as of this September Board meeting.

ANALYSIS
As staff awaits the results of the CDFA grant opportunity, staff believes it is prudent to pursue other grant opportunities as a back-up.. California's Strategic Growth Council (SGC) has issued a grant related to their Community Resilience Centers (CRC) program and VCE submitted a preliminary application in August. The final application is due September 19, 2023. A component of the final application is a Resolution from the applicant (VCE) stating the entity is approving the acceptance of any awards that may result from this grant.

CONCLUSION
The Gibson project provides VCE's customers with clean, affordable renewable energy and in addition the project satisfies several regulatory mandates. The microgrid capability makes this project even more attractive as power could still be supplied during times of electrical outages to Esparto and the

Capay Valley. Staff will continue to seek funding sources for the costs associated to enable the microgrid aspects of this project.

ATTACHMENT

1. Resolution

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE AUTHORIZING THE EXECUTIVE OFFICER OR THE EXECUTIVE OFFICERS DESIGNEE, IN CONSULTATION WITH LEGAL COUNSEL, TO APPLY FOR AND ACCEPT GRANT FUNDS FROM THE CALIFORNIA STRATEGIC GROWTH COUNCIL FOR THE COMMUNITY RESILIENCE CENTERS GRANT PROGRAM IN THE AMOUNT OF $6,000,000, OR IN ANY OTHER AMOUNT AWARDED, AND NEGOTIATE AND EXECUTE ANY RELATED DOCUMENTS NECESSARY TO ACCEPT THESE GRANT FUNDS

WHEREAS, on April 13, 2023 Board of Directors of the Valley Clean Energy Alliance approved a power purchase agreement ("PPA") for a 20 year term with Gibson Renewables, LLC ("Gibson"); and

WHEREAS, the Gibson project is a 13MW photovoltaic (PV) facility combined with 13 MW/65 MWh (5-hour) battery energy storage system (BESS) in Madison, Yolo County, California; and

WHEREAS, the Gibson project can be converted into a community microgrid with modifications to the electrical interconnection for an estimated cost of nearly $6,000,000; and

WHEREAS, the California Strategic Growth Council issued grant guidelines for the Community Resilience Center program on April 26, 2023; and

WHEREAS, the Valley Clean Energy Alliance submitted a preliminary grant application in August 2023 and plans to submit a final application in September 2023.

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

1. The Executive Officer, or the Executive Officer's designee, is authorized to apply for and accept funds from the California Strategic Growth Council's Community Resilience Centers Program in the amount of $6,000,000, or in any other amount awarded, and negotiate and execute the necessary documents to accept these funds. These funds will be used to enable the Gibson solar plus storage project to operate in microgrid mode when necessary to benefit the local community.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the 14th day of September 2023, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

_____
Tom Stallard, VCE Chair

_____
Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

To: Board of Directors

From: Inder Khalsa, General Counsel
Subject: Amended Employment Agreement for Executive Officer between Valley Clean Energy Alliance and Mitch Sears

Date: September 14, 2023

RECOMMENDATIONS
Approve Resolution approving the First Amendment to the Employment Agreement with Executive Officer Mitch Sears.

BACKGROUND AND ANALYSIS
On March 11, 2022, VCE entered into an Employment Agreement with Mitch Sears, appointing him as Executive Officer of VCE.

The proposed resolution approves the First Amendment to the Employment Agreement, which increases the Executive Officer's base salary to $262,500 per year effective July 1, 2023.

Other aspects of the Employment Agreement remain unchanged, with the key benefits as follows:

- **Benefits**: The Executive Officer ("EO") shall be entitled to participate in any group insurance plan or retirement program established by the Board for VCE employees to the extent he is eligible. In addition, the EO shall receive 120 hours Paid Time Off upon employment and shall accrue 200 hours annually.
- **Expenses**: Reimbursement of out-of-pocket expenses in connection with VCE business and Board-approved continuing education, attendance at conferences, etc.
- **Severance**: If VCE terminates the Executive Officer without cause, the EO would be entitled to three month's salary as a severance payment.

The Board Subcommittee reviewed salaries and benefits for other CCA program CEOs and executive officers and determined that the proposed salary and benefits are generally at or below market average compensation of other CCA CEOs or executive officers.

CONCLUSION

Assuming the Board approves the resolution approving the First Amendment with Mitch Sears, Mitch Sears' salary increase would increase retroactively to July 1, 2023.

Attachments

1. Resolution Increasing Mitch Sears's salary as Executive Officer and approving Amended Employment Agreement for Executive Officer
2. Amended Employment Agreement for Executive Officer

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING THE FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH MITCH SEARS

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

WHEREAS, the City of Winters, located in Yolo County, was added as a member of VCE and a party to the VCE in December of 2019;

WHEREAS, Mitch Sears has served VCE as Executive Officer since March 11, 2022, and continues to serve VCE in this employment position.

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

Section 1. The Board of Directors hereby approves the First Amendment to the Employment Agreement for Executive Officer, attached hereto and incorporated herein, with any minor clerical changes requested by the Board or Mr. Sears and approved by General Counsel.

Section 2. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED, at a special meeting of the Valley Clean Energy Alliance, held on the __ day of _____ 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Tom Stallard, VCE Chair

_____
Alisa M. Lembke, VCE Board Secretary

Attachments:

1. Employment Agreement for Executive Officer

FIRST AMENDMENT

EMPLOYMENT AGREEMENT FOR EXECUTIVE OFFICER

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT ("Agreement") is entered into by and between the Valley Clean Energy Alliance, a Joint Powers Agency also known as "Valley Clean Energy" ("VCE") and Mitch Sears, an individual ("EMPLOYEE"). VCE and EMPLOYEE are sometimes collectively referred to herein as the "Parties." For identification purposes, this Agreement is dated September 14, 2023.

RECITALS

This Employment Agreement is entered into on the basis of the following facts, understandings and intentions of the Parties:

A. VCE and EMPLOYEE entered into the Agreement, dated March 11, 2022, providing for employment of EMPLOYEE as Executive Officer.

B. In the Agreement, VCE and EMPLOYEE agreed to EMPLOYEE's salary.

C. VCE and EMPLOYEE desire to amend the Agreement to increase EMPLOYEE's salary as follows:

AGREEMENT

1. Section 5 of the Agreement is amended to read as follows:

Salary. Effective July 1, 2023, VCE shall pay EMPLOYEE an annual salary of $262,500, prorated and paid on VCE's normal paydays, subject to legally permissible or required deductions. EMPLOYEE's salary is compensation for all hours worked and for all services under this Agreement. EMPLOYEE shall be exempt from overtime pay provisions of California law (if any) and federal law. EMPLOYEE's salary may be adjusted annually to reflect cost of living increases and merit increases tied to EMPLOYEE'S annual performance evaluation.

6. All other provisions of the Agreement shall remain in effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

Tom Stallard, Chair Valley Clean Energy Alliance	Mitch Sears

DATE: _____, 2023

DATE: _____, 2023

APPROVED AS TO FORM:

_____
Inder Khalsa, General Counsel

ATTEST:

_____
Alisa Lembke, VCE Board Clerk

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Alisa Lembke, VCE Board Clerk/Administrative Analyst

SUBJECT: Consider Appointment to vacant At-Large seat on Community Advisory Committee

DATE: September 14, 2023

RECOMMENDATION
Consider appointment to vacant At-Large seat on Community Advisory Committee (CAC), in Class 3 of Committee members, with a term that expires in June of 2024.

BACKGROUND/ANALYSIS
In June 2023, Staff received Kristin Jacobs resignation from her At-Large seat on the CAC because she moved out of VCE's service area. Ms. Jacob's term would have expired in June 2024 ("Class 3"). The consecutive term for Class 3 would be from July 2024 to June 2027. Advertisement and solicitation for applications to fill the At-Large and unincorporated Yolo County positions have continued on the website, social media and word of mouth.

The selection criteria for an At-Large position are:

<u>Recruitment/Selection Guidelines</u>
Ideal candidates for At-Large CAC seats possess 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

Candidates that represent historically underrepresented communities in VCE's service territory and/or are historically underrepresented in Energy Sector professions are encouraged to apply for the CAC in general and specifically the At-Large CAC seats.

Professional Sectors that tend to intersect with VCE activities include but are not limited to those listed below. Ideal candidates for At-Large CAC seats possess professional experience in one or more of the following sectors:

- Legal (specialties in energy sector/regulatory)
- Financial (banking, accounting, auditing)
- Energy (procurement, regulatory, planning, engineering)
- Agricultural
- Community Engagement/Outreach/Customer Service (community organizing, legislative, public relations, marketing)
- Research (energy sector, decarbonization)

Note: Consideration of diversity in subject matter expertise/experience to avoid overrepresentation of a single area of importance (e.g. financial sector), was included by the Board as an overall factor.

Staff have received one application for the At-Large position: Danielle Ballard. She is a VCE Customer, a City of Woodland resident, and works in the agricultural sector. She has a degree in environmental science and is passionate about sustainability and has an understanding of farming and the local agriculture industry.

CONCLUSION

Based on the selection guidelines and materials submitted by the applicant, Staff recommends the Board consider appointing Ms. Ballard to the vacant At-Large seat, in the "Class 3" of Committee members, with a term that expires in June of 2024.

Attachment

1. CAC At Large Application (Danielle Ballard)

Return to:

Valley Clean Energy
604 Second Street
Davis, CA 95616

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY COMMUNITY ADVISORY COMMITTEE APPLICATION

Received on:

August 2, 2023

PERSONAL DATA SHEET

Name: Ballard (Last) Danielle (First) [redacted] (Middle)

Are you at least 18 years old? Yes

Home Address: [redacted] (Number/Street)

Woodland, CA [redacted] (City/State/Zip)

Email Address: [redacted]

[redacted] (Daytime Phone) [redacted] (Evening/Weekend Phone)

Business Title or Occupation: Pest Control and Sustainabilty Manager

Company/Organization: Bullseye Farms

Address: [redacted] (Street Address) Woodland, CA [redacted] (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 would like to serve as a member of the VCE Community Advisory Committee because I have been wanting to get more involved in my community and this opportunity seems like a great fit. I live and work in Woodland and I care about the future of this community and the continuously improvement of making this community and world a better place. Agriculture is one of the major local energy consumers and I am interested in bringing the perspective of the agriculture community and its needs to VCE.

My degree is in environmental science and I am passionate about sustainability and taking mindful steps to incorporate those practices in my life. I see the value in both cleaner energy and community choice and I have been enrolled in the program since it has been available to customers. I am excited about the opportunity to learn from and engage with other industry professionals who have similar interests and common goals.

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 believe I offer an interesting mix of both government and private experience in the Agricultural Sector. From 2015 to 2020 I worked at the Yolo County Agriculture Department. In my role there I mainly worked in pesticide use enforcement. I had the opportunity to work with many farmers and industry members in the community. The part of the job that I enjoyed the most was being able to educate people and help them get into compliance with the frequently changing regulations. This position helped me to better understand and respect farming and agriculture. I really enjoyed feeling like I was able to be helpful and make a difference by simplifying and explaining expectations to farmers, while keeping employees, the community and the environment safe.

In 2023, I accepted a new adventure at a local farm in Woodland. In this position I work to keep us in compliance not only with the Agriculture Department, but with other government agencies. I make an effort to communicate with community members about our farming practices and to be a resource if people have questions about our operation. We have an excellent team of educated and experienced people who have been a great resource for me and it has been a wonderful learning experience. Many of my coworkers sit on other boards and this helps provide me with information and insight into what is going on locally and statewide.

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

My previous experience working for the government was with the Yolo County Agriculture Department from 2015 and 2020. My position was as an Agricultural Biologist/Inspector and my main duty was pesticide use enforcement. I oversaw any pesticide related issues within the county. This included agricultural, structural and even home use of pesticides. Some of my duties included inspecting pesticide applications, creating and giving presentations on pesticide safety and investigating pesticide complaints and illnesses.

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

I believe my experience in both the government and private sector offers a unique viewpoint that would benefit the committee. As a government employee I went to public meetings and served on leadership committees in my department where we tried to increase employee engagement. This required buy in from employees and creative strategies for participation. I also have experience presenting in front of small and large groups. My experience in my current role has allowed me to see the business side of farming and all that goes into growing various crops: almonds, walnuts, pistachios, tomatoes, sunflowers (seed), cucumbers (pickles), wheat, alfalfa and corn. Through my position at Bullseye Farms, I have gained knowledge about farming practices and created excellent connections with other farmers and professionals in the industry. All of this experience has given me good insight into the local agriculture industry and what needs we have to be successful.

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

I do not have any interests or associations that present a conflict of interest.

What do you feel are your most important qualifications?

One of my most important qualifications for this position is my knowledge of the agriculture industry and the connections I have within my large scale organization and community to understand the needs of agriculture. My exceptional interpersonal skills, strong work ethic, and team mentality are some additional qualifications that make this position a natural fit for me. I also feel I am a good candidate because I am extremely dependable and reliable. I am eager to learn more about VCE and contribute my knowledge to benefit my community.

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?

One significant issue I see facing the community in the next few years is how we meet our energy production goals to support the needs of our customers. With higher electrical demands, we must ensure we have enough power through diversification of energy sources, and the ability to store renewable energy. Another potential hurdle I see is how we can change the public perception of why people should chose VCE. Many people are willing to adopt more sustainable practices, especially if there is no additional cost. Finally, an issue I see down the road is how we are going to handle the waste from expired renewable energy technologies such as wind and solar. We are focused on renewable energy production, but I think we also need to have a plan in place for how this technology will be decommissioned in the future.

What do you hope to accomplish as a committee member?

My goals as a committee member are not specific at this point and I believe they become more defined as I am more involved, if I am selected for this role. Overall, I hope to be a strong representative from the agricultural sector and to provide valuable information and a different perspective from the other committee members.

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: DB)

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.

[redacted] 8/2/2023

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: August 2, 2025

Date of appointment by the Valley Clean Energy Board: _____

Length of term: _____

Is this a re-appointment? _____

DB

DANIELLE BALLARD

[redacted] | [redacted] | Woodland, CA[redacted]

Summary

Hardworking agricultural professional who is knowledgeable about farming practices, sustainability and pesticide safety. Ambitious and dedicated individual with exceptional interpersonal skills and the desire to become more engaged in the community.

Skills

- Strong Interpersonal Skills
- Problem Solving Abilities
- Dedicated and Driven
- Dependable and Reliable
- Project Coordination
- Team Building
- Records Management
- Proficient in Word, Excel and PowerPoint

Experience

Bullseye Farms | Woodland, CA
Pest Control and Sustainability Manager
09/2020 - Current

- Manage pesticide program for 18,000 acre farm.
- Work with pest control advisors and employees to ensure pesticides are being applied timely and correctly.
- Manage farm food safety and sustainability plan and oversee related audits.
- Create farm nitrogen management plan.
- Work with neighbors to inform them about farming practices, upcoming pesticide applications and ground work.
- Prepare grant applications and proposals to initiate new sustainability efforts for business sustainability.

Yolo County Agriculture Department | Woodland, CA
Ag & Standards Inspector
09/2015 - 09/2020

- Interpreted, explained and enforced applicable laws, regulations and procedures.
- Performed pesticide use inspections on farmers within Yolo County.
- Created and presented information about pesticide regulations to small and large groups/organizations.
- Performed illness investigations and investigated drift and odor complaints.
- Actively participated in YES committee to help encourage employee engagement within the department.

Education and Training

Humboldt State University | Arcata, CA
Bachelor of Science in Environmental Science, Policy
12/2012

- 4.0 GPA
- Graduated summa cum laude
- 2009-2012 - Presidential Scholar
- 2012 - Zimride Grant awarded by HEIF Committee

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Portfolio Content Category – Compliance Period 4 Discussion

DATE: September 14, 2023

Recommendations

1. Receive presentation and provide feedback on Compliance Period 4 (CP4) short term Renewable Energy Credit (RECs) procurement.
2. Based on current market conditions, authorize the use of Portfolio Content Category (PCC) 3 RECs up to the maximum amount of 10% of VCE's total portfolio

Background

California requires load serving entities (LSEs), such as VCE, to procure a minimum percentage of their load from eligible renewable resources such as wind, solar, geothermal, small hydro, etc. From a State perspective, LSEs need to procure 60% of the load from renewable energy by 2030 as outlined in SB 100. At VCE's July Board meeting the Board adopted a more aggressive target of achieving 100% renewable by 2030.

LSEs cannot wait until 2030 to show compliance but rather must achieve interim targets referred to as Compliance Periods (CP1, CP2, CP3, etc). As shown in the below in figure 1, 2021-2024 is CP4. It is important to note that LSEs are measured over the time in each CP and not an individual year, therefore the average for CP4 is 40%.

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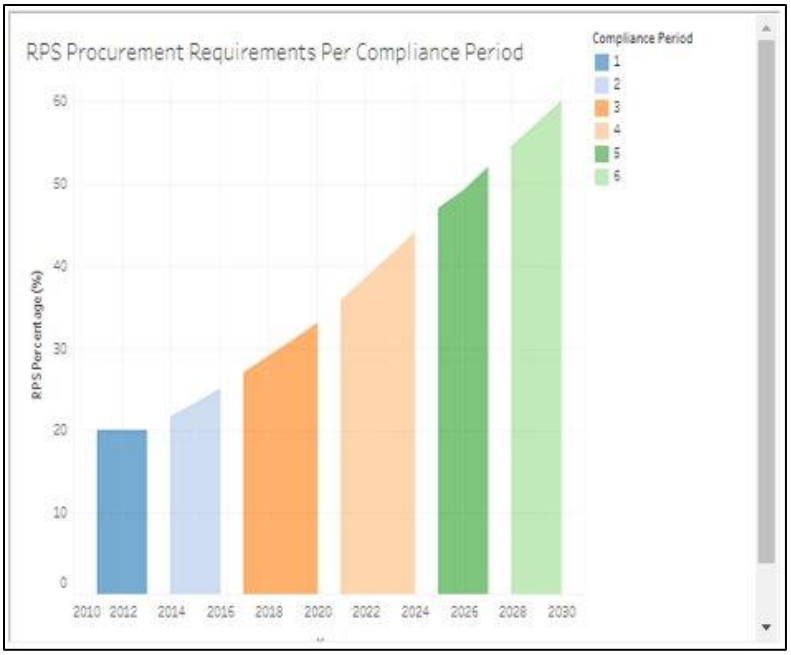

Figure 1 – RPS Procurement Requirements

The measurement of this compliance is in the form of a REC and is "retired" to show compliance. A REC contains the "Green Attributes" of a unit of energy, and represents that the energy was generated with an eligible renewable technology. One REC is equivalent to one MWh (for example, if a geothermal resource produced 50,000 MWhs in a given year, that is equal to 50,000 RECs). Finally, RECs can be purchased on a long-term basis (multiple years) or a short-term purchase is an option (for example, VCE could buy RECs for year 2023).

California also has different categories of RECs called Portfolio Content Categories (PCC):

- PCC 1: Eligible renewable resources directly connected to California's grid (these can be either in-state or out-of-state. For example, VCE's Fish Lake Geothermal project is located in Nevada but is directly connected to the California grid
- PCC 2: Out of state eligible renewable resources imported into California's grid
- PCC 3: Eligible renewable resources not brought to California's grid (REC Only)

There are some other nuances between the categories but those are the basic distinctions. Since launch, VCE has only procured PCC1 and PCC2 RECs. During CP3, the Community Advisory Committee (CAC) and the Board had discussions on this topic of type of RECs to procure as at that time VCE had annual goals that were being met with all short-term purchases (long-term power purchase agreements (PPAs) were not yet part of the portfolio). In addition, the cost of a REC in each category was not as significant as it is today (more on the cost per REC below).

Analysis

There are several factors that influence the amount of RECs required to achieve the 40% average for CP4. VCE's retail load can fluctuate – 2021 load was 760 GWh, 2022 load was about 740 GWh and currently 2023 load is trending below forecast. Therefore, VCE has to manage this variance with all of the tools available to it in terms of renewable procurement. The second factor to consider is the timing

of VCE's long term PPAs coming on-line. Unfortunately, most projects tend to get delayed versus coming online early. Putah Creek was one year delayed and Resurgence was several months delayed as well. Third, renewable energy projects have variable performance after they come online: several resources are dependent on mother-nature. For example, the Indian Valley Reservoir hydro-electric facility did not generate for nearly two years due to drought, Aquamarine solar appears that it will have generated more in 2022 than in 2023. The point is, it is difficult today to set one value of RECs that VCE will need to meet compliance. Note: fast-forward a few years when all the contracted PPAs are producing energy and this will not be as difficult of an issue as the amount generated will in all likelihood far exceed the State target and VCE will have the luxury of absorbing these variabilities and can find ways to monetize its ability to absorb said variance.

VCE's Current CP4 Renewable Portfolio

VCE's has signed seven renewable PPAs consisting of photovoltaic (PV), hybrid (PV + storage) and geothermal of which four of the PPAs will impact CP4.

Table 1 – VCE's Executed Long-Term Renewable PPAs That Impact CP4

Long Term PPAs	Actual or Expected COD	Capacity*
Resurgence Solar I	8/3/2023	90 MW PV, 75 MW BESS (250,000 MWhs)
Aquamarine Solar	9/22/2021	50 MW PV (130,000 MWhs)
Putah Creek Energy Farm	10/15/2022	3 MW PV, 3 MW BESS (7,600 MWhs)
Willy 9 Chap 2**	12/31/2023	72 MW PV, 36 MW BESS (210,000 MWhs)
* All BESS are 4-hour duration, except the Gibson Solar project is a 5-hour battery system. Approx annual MWhs shown. ** Formerly Willow Springs Solar 3. Name changed at the request of the CAISO.		

Staff is anticipating the CP4 shortfall to be in the range of 100-150 GWh depending on the abovementioned factors. Staff will continually assess the open position especially at the end of 2023 when the 2023 load is nearly finalized and the Resurgence project will have operated for several months as well as the in-service date of Willy 9 Chap 2 will be known.

Market Volatility of REC Prices

Historically, REC prices stayed relatively stable, but unfortunately that is no longer the case. At the time of VCE's launch the spread between a PCC1 and a PCC3 REC was approximately $15. Today that spread is $40.

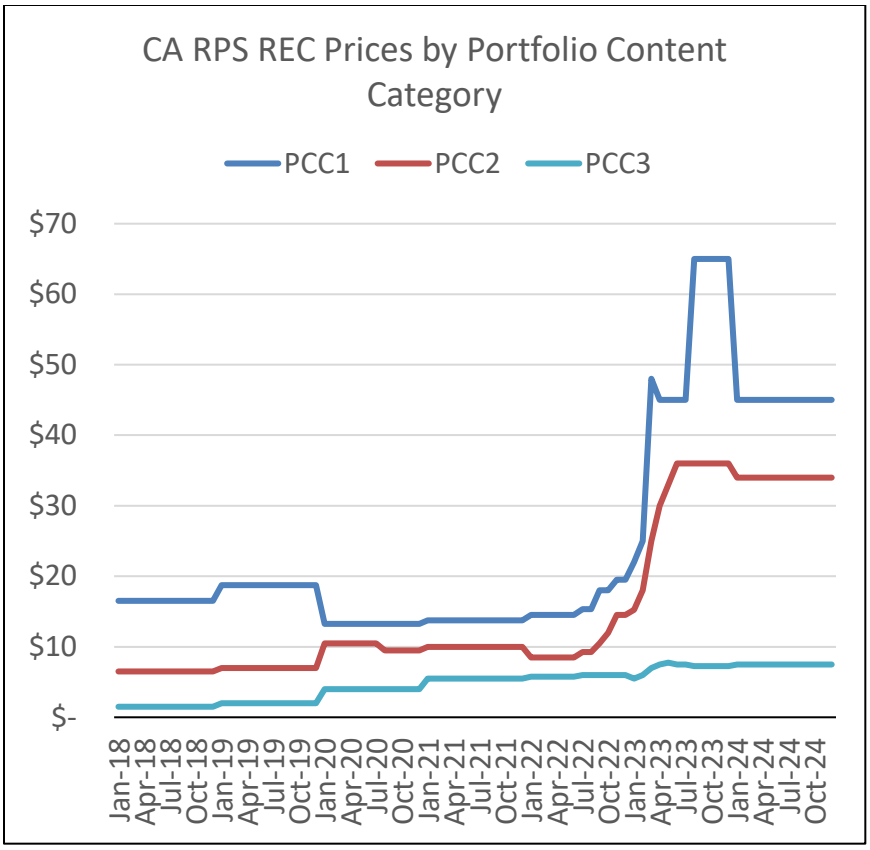

Figure 2 – REC Prices

Power Content Label (PCL)

The PCL is a backwards-looking document/graphic that identifies percentage of renewable resources an LSE used the prior year (PCL issued in October ’23 for 2022 actuals). Depending on the type of REC chosen it does have some emission related information that would change. Below is an illustrative example showing how the PCC3 is accounted for.

Example A: 100,000 MWh of load, 80,000 MWh of a Solar PPA (PCC1), 10,000 MWh of Short-Term Solar PCC1

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	90,000	90.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	90,000	90.0%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	-	0.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	10,000	10.0%
Total	**100,000**	**100.0%**
Total Retail Sales (MWh)		**100,000**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)		**94**
Percentage of Retail Sales Covered by Retired Unbundled RECs		**0.0%**

Example B: 100,000 MWh of load, 80,000 MWh of a Solar PPA (PCC1), 10,000 MWh of Short-Term Solar PCC3

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	80,000	80.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	80,000	80.0%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	-	0.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	20,000	20.0%
Total	**100,000**	**100.0%**
Total Retail Sales (MWh)		**100,000**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)		**189**
Percentage of Retail Sales Covered by Retired Unbundled RECs		**10.0%**

Conclusion

Since launch in mid-2018, VCE has taken an overall approach to balance emission reduction with cost competitive customer rates. It has also continued to take a long-view in building a portfolio focused on causing renewable projects to actually be built, with regulatory compliance as an attribute and not as the primary driver. It is within this context that staff makes its recommendation to utilize PCC3 RECs as a bridge to its eminent long-term portfolio. If not for delays to on-line dates associated with this long-term portfolio that were outside VCE's control (or the developers in many cases), utilization of this type short-term resource would be greatly diminished. Based on these factors and the market conditions illustrated in Figure 2 above, staff believes it is prudent to utilize PCC1 as well as the maximum permissible amount of PCC3 in order to meet CP4 target. For two reasons staff believes all options should be used to satisfy the CP4 requirement: 1) the costs are material dollars and need to be a factor in the decision, 2) staff recognizes that there are perceived emission intensity differences that are identified on a PCL, but also realizes these are a product of the design of the accounting tool that has been created and not a reflection on what truly is occurring in the broader environment. Staff did present this topic to the CAC in August 2023 and the CAC had a robust discussion. Ultimately the CAC recognized the value of pursuing all the PCC options without restricting VCE's procurement options.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 17

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: VCE Strategic Plan Minor Update and Extension through 2025

DATE: September 14, 2023

RECOMMENDATION
Approve the minor update of the VCE Strategic Plan and extended current end of the planning period to the end of 2025.

OVERVIEW
The purpose of this report is to present the proposed minor update of the 2021-2023 Strategic Plan to extend the current planning period to the end of 2025.

BACKGROUND & DISCUSSION
The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at it's November 12, 2020 meeting (**VCE-Strategic-Plan-Final.pdf (valleycleanenergy.org)**. The purpose of the Strategic Plan "Plan" is to focus VCE on achieving better energy outcomes for its customers and communities by guiding the organization's actions. The Strategic Plan is aligned with VCE's mission and vision and guides the organization's efforts over a multi-year time horizon. The Plan is the basis for developing annual organization goals, staff work plans, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE's compliance documents, including the Integrated Resource Plan (IRP) required by the California Public Utilities Commission, a document that sets out a 10-year roadmap for energy procurement that is updated on a 2-year basis.

The initial Strategic Plan covered a fixed period from 2021 to 2023. At the July 13, 2023 meeting, the Board adopted the strategic plan guidelines (Item 12) that set out the process and timeline for Plan updates. The Guidelines included a proposed timeline for extending the 2021-23 plan through 2025 with a minor update as part of that process. The Guidelines also established that Strategic Plan major updates would occur every four years. This cadence is set for future updates to fall on years that do not require updates to VCE's Integrated Resource Plan (IRP). This overall schedule is shown in the Strategic Plan Update Schedule below. Note: Staff will also review and report annually to the Board and CAC on the status of Plan goals, objectives and metrics.

Strategic Plan Update Schedule

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

2021-2023 Minor Update for 2024-2025

As outlined in VCE's strategic plan guidelines, the minor update is a relatively high-level review/update to existing goals and objectives performed by Staff to incorporate plan adjustments associated with changing legislative, regulatory, customer, and economic requirements, and to reflect plan milestones achieved.

Staff, in coordination with the CAC Strategic Plan Task Group, have developed the minor updates to the strategic plan included in Attachment 1 – 2021-2023 Strategic Plan Draft Minor Update that includes the following key updates (shown in redline highlights in the attachment):

- General update replacing "VCEA" with "VCE"
- Investment Grade Credit Rating (Objective 1.2) – This section has been updated to extend the date from 2024 to 2028 due financial impacts from the COVID-19 pandemic, for example, continued volatility and increase with PCIA and PG&E rates.
- Manage Customer Rates (Objective 1.4) – This section has been updated to include the lowering customer costs.
- Long Range Financial Model (Objective 1.5) – This section has been added to develop a model focused on VCE's financial health (Reserves) and rate stability.
- Renewables Update (Goal 2 / Objective 2.1) – This section has been updated to include Board approval of Item 14 on July 13, 2023 to increase the renewable goal to 100% and to procure local storage resources.
- Customers and Community (Goal 3) – This section has been updated to include implementation of items during the extension period.

Community Advisory Committee Recommendation

The CAC recommended approval of the strategic plan minor update extension with no recommended changes.

CONCLUSION

Staff believes the recommended 2021-2023 strategic plan minor update represent a balanced approach for extending the 2021-23 plan through 2025. Staff is seeking Board approval of the 2021-2023 strategic plan minor update and extension of the plan through 2025. As outlined in the strategic plan guidelines, Staff will continue to review and update the Plan on an annual basis to ensure that VCE remains on track and course corrects if necessary.

ATTACHMENT

1. 2021-2023 Strategic Plan Draft Minor Update (Redlined)
2. 2021-2023 Strategic Plan draft Minor Update (Clean)

Valley Clean Energy
Strategic Plan
Approved by VCE Board October 8, 2020
January 2021 - December 2023
2024-2025 Extension and Minor Update (Draft)

VCE MISSION

Deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.

VCE VISION

Valley Clean Energy Alliance (~~VCEA~~VCE) is a joint-powers authority working to implement a state-authorized Community Choice Energy (CCE) program. Participating ~~VCEA~~VCE governments include the City of Davis, the City of Woodland, the City of Winters, and County of Yolo. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the residential, commercial, governmental, agricultural and industrial users in ~~their areas~~the VCE territory. PG&E ~~would~~ continues to deliver the electricity procured by ~~VCEA~~VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions ~~would~~ have the choice not to participate in the ~~VCEA~~VCE program.

Near-Term[1] Vision

The near-term vision for ~~VCEA~~VCE is to provide electricity users with greater choice over the sources and prices of the electricity they use, by:

- Offering basic electricity service with higher renewable electricity content, at a rate competitive with PG&E;
- Developing and offering additional low-carbon or local generation options at modest price ~~premiums~~differentials;
- Establishing an energy planning framework for developing local energy efficiency programs and local energy resources and infrastructure; and
- Accomplishing the goals enumerated above while accumulating reserve funds for future ~~VCEA~~VCE energy programs and mitigation of future energy costs and risks.

Long -Term Vision

The future vision for ~~VCEA~~VCE is to continuously improve the electricity choices available to ~~VCEA~~VCE customers, while expanding local energy-related economic opportunities, by:

- Causing the deployment of new renewable and low carbon energy sources;
- Evaluating and adopting best practices of the electricity service industry for planning and operational management;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emissions electricity;
- Developing and managing customized programs for energy efficiency, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase localized investment, employment, innovation and resilience;
- Working to achieve the climate action goals of participating jurisdictions to shape a sustainable energy future;
- Saving money for ratepayers on their energy bills; and
- Remaining open to the participation of additional jurisdictions.

[1] Launch Phase and First Year

STRATEGIC PLAN

Th~~is~~e VCE Strategic Plan is ~~-~~focuse~~s~~d ~~VCE~~ on achieving better energy outcomes for its customers and communities by guiding the organization's actions ~~over the next three years~~. The Plan and minor update map~~s~~ a route to VCE's goals and allows for course correction as new information and learning occurs. The energy sector in California is in a transformational period and VCE allows local energy priorities and needs to be heard and ultimately acted upon. This plan helps VCE build a strong foundation from which to identify and guide strategic action~~s over the next three years~~, being mindful of the longer-term aspirations of the Agency. ~~It is anticipated that this~~ The Plan is designed to be reviewed periodically ~~will be ready for implementation in 2021 and reviewed annually~~ to ensure that ~~the Agency~~ VCE remains on track and course corrects if necessary.

METHODOLOGY AND ORGANIZATION

VCE's initial strategic plan ~~is~~ was based on the experience of the Agency's first two years in operation as well as current energy market conditions. The original Plan incorporated~~,~~ a strengths/weaknesses/opportunities/threats (SWOT) analysis which was completed in 2019, and detailed feedback from the Board of Directors, Community Advisory Committee (CAC) members and VCE staff. The Plan update continues to cover~~s~~ six topical categories which are most relevant to VCE's operations. Within each category, the Plan specifies a set of aspirational goals and follows with strategies to achieve or make progress toward those goals ~~over the next three years.~~ During the planning period of 2021-2025. After that, Strategic Plan major updates will occur every four years to set the cadence for future updates to fall on years that do not require updates to VCE's Integrated Resource Plan (IRP) shown in the below Strategic Plan Update Schedule.

Strategic Plan Update Schedule

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

VCE's STRATEGIC GOALS

A) FINANCIAL STRENGTH

A successful CCA program requires disciplined fiscal strategies and financially sound policies. VCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At VCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will help earn a high credit rating and a healthy position from which to deliver customer and community value.

Goal 1: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.

1.1. Objective: Maintain consistently healthy cash reserves to fund VCE's mission, vision, and goals.
1.2. Objective: Achieve an investment grade credit rating by end of ~~2024~~2028.
1.3. Objective: Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
1.4 Objective: Manage customer rates to optimize VCE's financial ~~health~~ goals while maintaining rate competitiveness with PG&E and lower customer costs.
1.5 Objective: Develop a long range financial model for financial health and rate stability.

B) PROCUREMENT AND POWER SUPPLY

Navigating the world of wholesale power markets and state-mandated power mix and reliability requirements while fulfilling our commitment to sourcing low/no-carbon electricity requires a constant search for the right resources to meet sustainability and value proposition goals. The threat of losing load to Direct Access presents new challenges and opportunities to enhance product offerings to meet VCE's decarbonization goals and our customers' own environmental goals while considering financial and risk impacts. VCE is committed to providing carbon free electricity through a balanced approach that considers cost, risk, long-term value and best fit in meeting community goals while exceeding California's RPS mandates.

Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% ~~carbon neutral~~renewable by 2030.

2.1 Objective: Continue to identify and pursue cost effective local renewable energy and storage resources.
2.2 Objective: Acquire sufficient bundled energy and renewable resources to achieve VCE's greenhouse gas reduction targets.
2.3 Objective: Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.
2.4 Objective: Identify and pursue cost effective, local distributed energy (e.g., behind the meter rooftop solar+storage) resources to help meet reliability needs.

2.2 Objective: Study and present options for achieving a 100% carbon neutral resource portfolio as well as 100% carbon free resource portfolio (carbon free hour by hour) by 2030.[2]
2.6 Objective: Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

C) CUSTOMERS AND COMMUNITY

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

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

3.1 Objective: Develop and implement engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.
3.2 Objective: Develop and implement programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
3.3 Objective: Design and implement a strategy to more effectively engage local business and agricultural customers.
3.4 Objective: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE's service territory.
3.5 Objective: Develop and implement customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.
3.6 Objective: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.
3.7 Objective: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

D) DECARBONIZATION AND GRID INNOVATION

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

[2] Carbon neutral electricity is net zero carbon electricity that may include the use of carbon credits and/or higher production of carbon free electricity that averages out to provide a carbon free portfolio over a period of time whereas carbon free hour-by-hour means all electricity consumed by VCE customers will be from carbon free and/or renewable resources.

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

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

E) STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS

The regulatory and legislative processes wield critical influence over VCE's ability to serve our customers and fulfill our core goals and mission. Working with CalCCA and other operating CCAs, VCE will actively engage with the regulatory and legislative communities in order to advance a positive narrative on the value of CCA, manage operational risk, protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.

Goal 5. Strongly advocate for public policies that support VCE's Vision/Mission.

5.1 Objective: Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in developing policy that furthers VCE's mission and facilitates our contributions to decarbonization, grid reliability, energy resiliency, affordability, local programs and social equity.
5.2 Objective: Develop relationships with community stakeholder organizations that foster support for VCE's mission and vision.
5.3 Objective: Optimize regulatory compliance activities.

F) ORGANIZATION, WORKPLACE, AND TECHNOLOGY

Human capital is a successful organization's greatest asset, and at VCE we've built a highly talented and dedicated team that will ensure the success and prosperity of our organization. Contracting with Sacramento Municipal Utility District (SMUD) to deliver high quality services and personnel support during launch and early operations has allowed VCE to realize these objectives from the outset. Over the period of this strategic plan, VCE will explore transition from a contract dependent organization to one that balances the values and efficiencies of development and retention of high-quality in-house staff supported by high-quality outside services. Building, valuing, and nurturing this team's talent will require a start-up culture that supports creativity, open communication, and the free flow of ideas to spur innovation. We will provide an infrastructure within VCE that supports and cultivates our employees through professional and personal development, recognizes and rewards their contributions to achieving our mission, and offers opportunities that position our people, as well as VCE, for success. In attracting and maintaining skilled employees, VCE will continue to provide a rewarding workplace experience.

VCE will develop a decision support system that will enable it to nimbly assess and react to expansion opportunities as they arise. In addition, VCE will assess opportunities for shared services with other CCAs to optimize function and efficiency of service.

We also take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance metrics are in place to ensure resiliency and high system

availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards. This strategic plan provides the approach that VCE is taking to address the challenges of delivering IT services in a dynamic environment with new regulations and continuous advancements in science and technology.

Goal 6: Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

6.1 Objective: Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).
6.2 Objective: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.
6.3 Objective: Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
6.4 Objective: Identify optimal management, staffing and contracting structure of VCE in the near and long term; factors include balance of internal staff vs. consultant support services, transition of leadership positions to permanent internal employees.
6.5 Objective: Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.
6.6 Objective: Support health, wellness and a productive workplace.
6.7 Objective: Create an innovation-focused culture that rewards proactive participation, problem solving, new ideas, and creative use of partnerships.
6.8 Objective: Deploy a modernized IT infrastructure that enables knowledge management, analytics and collaboration through robust use of data and information resources.

TIMING, MEASUREMENT AND UPDATES

VCE's Strategic Plan is a living document that will be revisited and updated regularly. At a minimum, staff will review and update the Plan on an annual basis, including goals, objectives and metrics. In addition, staff will establish an implementation timeline and appropriate reporting format to use in reporting performance against the Plan's goals and objectives to VCE leadership and Board. The reports, commencing in 2021, will show metrics, status and mitigations where appropriate. Consolidated summary reporting on the status of all high-priority enterprise goals and objectives will be reported out as follows:

- **Quarterly Report to VCE Management**
  Staff will report quarterly to the Executive Officer ~~Interim General Manager~~ on the status of goals, objectives and metrics for which they are responsible.

- **Annual Report to Board and CAC**
  Staff will report annually to the Board and CAC on the status of goals, objectives and metrics, and will recommend any mitigations or amendments as may be necessary for Board approval.

Valley Clean Energy
Strategic Plan
Approved by VCE Board October 8, 2020
January 2021 - December 2023
2024-2025 Extension and Minor Update (Draft)

VCE MISSION

Deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.

VCE VISION

Valley Clean Energy Alliance (VCE) is a joint-powers authority working to implement a state-authorized Community Choice Energy (CCE) program. Participating VCE governments include the City of Davis, the City of Woodland, the City of Winters, and County of Yolo. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the residential, commercial, governmental, agricultural and industrial users in the VCE territory. PG&E continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions have the choice not to participate in the VCE program.

Near-Term[1] Vision

The near-term vision for VCE is to provide electricity users with greater choice over the sources and prices of the electricity they use, by:

- Offering basic electricity service with higher renewable electricity content, at a rate competitive with PG&E;
- Developing and offering additional low-carbon or local generation options at modest price differentials;
- Establishing an energy planning framework for developing local energy efficiency programs and local energy resources and infrastructure; and
- Accomplishing the goals enumerated above while accumulating reserve funds for future VCE energy programs and mitigation of future energy costs and risks.

Long -Term Vision

The future vision for VCE is to continuously improve the electricity choices available to VCE customers, while expanding local energy-related economic opportunities, by:

- Causing the deployment of new renewable and low carbon energy sources;
- Evaluating and adopting best practices of the electricity service industry for planning and operational management;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emissions electricity;
- Developing and managing customized programs for energy efficiency, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase localized investment, employment, innovation and resilience;
- Working to achieve the climate action goals of participating jurisdictions to shape a sustainable energy future;
- Saving money for ratepayers on their energy bills; and
- Remaining open to the participation of additional jurisdictions.

[1] Launch Phase and First Year

STRATEGIC PLAN

The VCE Strategic Plan is focused on achieving better energy outcomes for its customers and communities by guiding the organization's actions. The Plan and minor update map a route to VCE's goals and allows for course correction as new information and learning occurs. The energy sector in California is in a transformational period and VCE allows local energy priorities and needs to be heard and ultimately acted upon. This plan helps VCE build a strong foundation from which to identify and guide strategic actions, being mindful of the longer-term aspirations of the Agency. The Plan is designed to be reviewed periodically to ensure that VCE remains on track and course corrects if necessary.

METHODOLOGY AND ORGANIZATION

VCE's initial strategic plan was based on the experience of the Agency's first two years in operation as well as current energy market conditions. The original Plan incorporated a strengths/weaknesses/opportunities/threats (SWOT) analysis which was completed in 2019, and detailed feedback from the Board of Directors, Community Advisory Committee (CAC) members and VCE staff. The Plan update continues to cover six topical categories which are most relevant to VCE's operations. Within each category, the Plan specifies a set of aspirational goals and follows with strategies to achieve or make progress toward those goals During the planning period of 2021-2025. After that, Strategic Plan major updates will occur every four years to set the cadence for future updates to fall on years that do not require updates to VCE's Integrated Resource Plan (IRP) shown in the below Strategic Plan Update Schedule.

Strategic Plan Update Schedule

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

VCE's STRATEGIC GOALS

A) FINANCIAL STRENGTH

A successful CCA program requires disciplined fiscal strategies and financially sound policies. VCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At VCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will help earn a high credit rating and a healthy position from which to deliver customer and community value.

Goal 1: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.

1.1. Objective: Maintain consistently healthy cash reserves to fund VCE's mission, vision, and goals.
1.2. Objective: Achieve an investment grade credit rating by end of 2028.
1.3. Objective: Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
1.4 Objective: Manage customer rates to optimize VCE's financial goals while maintaining rate competitiveness with PG&E and lower customer costs.
1.5 Objective: Develop a long range financial model for financial health and rate stability.

B) PROCUREMENT AND POWER SUPPLY

Navigating the world of wholesale power markets and state-mandated power mix and reliability requirements while fulfilling our commitment to sourcing low/no-carbon electricity requires a constant search for the right resources to meet sustainability and value proposition goals. The threat of losing load to Direct Access presents new challenges and opportunities to enhance product offerings to meet VCE's decarbonization goals and our customers' own environmental goals while considering financial and risk impacts. VCE is committed to providing carbon free electricity through a balanced approach that considers cost, risk, long-term value and best fit in meeting community goals while exceeding California's RPS mandates.

Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% renewable by 2030.

2.1 Objective: Continue to identify and pursue cost effective local renewable energy and storage resources.
2.2 Objective: Acquire sufficient bundled energy and renewable resources to achieve VCE's greenhouse gas reduction targets.
2.3 Objective: Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.
2.4 Objective: Identify and pursue cost effective, local distributed energy (e.g., behind the meter rooftop solar+storage) resources to help meet reliability needs.
2.2 Objective: Study and present options for achieving a 100% carbon neutral resource portfolio as well as 100% carbon free resource portfolio (carbon free hour by hour) by 2030.[2]
2.6 Objective: Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

[2] Carbon neutral electricity is net zero carbon electricity that may include the use of carbon credits and/or higher production of carbon free electricity that averages out to provide a carbon free portfolio over a period of time whereas carbon free hour-by-hour means all electricity consumed by VCE customers will be from carbon free and/or renewable resources.

C) CUSTOMERS AND COMMUNITY

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

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

- 3.1 Objective: Develop and implement engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.
- 3.2 Objective: Develop and implement programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
- 3.3 Objective: Design and implement a strategy to more effectively engage local business and agricultural customers.
- 3.4 Objective: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE's service territory.
- 3.5 Objective: Develop and implement customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.
- 3.6 Objective: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.
- 3.7 Objective: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

D) DECARBONIZATION AND GRID INNOVATION

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

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

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

E) STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS

The regulatory and legislative processes wield critical influence over VCE's ability to serve our customers and fulfill our core goals and mission. Working with CalCCA and other operating CCAs, VCE will actively engage with the regulatory and legislative communities in order to advance a positive narrative on the value of CCA, manage operational risk, protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.

Goal 5. Strongly advocate for public policies that support VCE's Vision/Mission.

5.1 Objective: Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in developing policy that furthers VCE's mission and facilitates our contributions to decarbonization, grid reliability, energy resiliency, affordability, local programs and social equity.
5.2 Objective: Develop relationships with community stakeholder organizations that foster support for VCE's mission and vision.
5.3 Objective: Optimize regulatory compliance activities.

F) ORGANIZATION, WORKPLACE, AND TECHNOLOGY

Human capital is a successful organization's greatest asset, and at VCE we've built a highly talented and dedicated team that will ensure the success and prosperity of our organization. Contracting with Sacramento Municipal Utility District (SMUD) to deliver high quality services and personnel support during launch and early operations has allowed VCE to realize these objectives from the outset. Over the period of this strategic plan, VCE will explore transition from a contract dependent organization to one that balances the values and efficiencies of development and retention of high-quality in-house staff supported by high-quality outside services. Building, valuing, and nurturing this team's talent will require a start-up culture that supports creativity, open communication, and the free flow of ideas to spur innovation. We will provide an infrastructure within VCE that supports and cultivates our employees through professional and personal development, recognizes and rewards their contributions to achieving our mission, and offers opportunities that position our people, as well as VCE, for success. In attracting and maintaining skilled employees, VCE will continue to provide a rewarding workplace experience.

VCE will develop a decision support system that will enable it to nimbly assess and react to expansion opportunities as they arise. In addition, VCE will assess opportunities for shared services with other CCAs to optimize function and efficiency of service.

We also take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance metrics are in place to ensure resiliency and high system availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards. This strategic plan provides the approach that VCE is taking to address the challenges of delivering IT services in a dynamic environment with new regulations and continuous advancements in science and technology.

Goal 6: Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

6.1 Objective: Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).
6.2 Objective: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.

6.3 Objective: Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
6.4 Objective: Identify optimal management, staffing and contracting structure of VCE in the near and long term; factors include balance of internal staff vs. consultant support services, transition of leadership positions to permanent internal employees.
6.5 Objective: Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.
6.6 Objective: Support health, wellness and a productive workplace.
6.7 Objective: Create an innovation-focused culture that rewards proactive participation, problem solving, new ideas, and creative use of partnerships.
6.8 Objective: Deploy a modernized IT infrastructure that enables knowledge management, analytics and collaboration through robust use of data and information resources.

TIMING, MEASUREMENT AND UPDATES

VCE's Strategic Plan is a living document that will be revisited and updated regularly. At a minimum, staff will review and update the Plan on an annual basis, including goals, objectives and metrics. In addition, staff will establish an implementation timeline and appropriate reporting format to use in reporting performance against the Plan's goals and objectives to VCE leadership and Board. The reports, commencing in 2021, will show metrics, status and mitigations where appropriate. Consolidated summary reporting on the status of all high-priority enterprise goals and objectives will be reported out as follows:

- **Quarterly Report to VCE Management**
  Staff will report quarterly to the Executive Officer on the status of goals, objectives and metrics for which they are responsible.

- **Annual Report to Board and CAC**
  Staff will report annually to the Board and CAC on the status of goals, objectives and metrics, and will recommend any mitigations or amendments as may be necessary for Board approval.