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## Valley Clean Energy Board Meeting – Thursday, January 11, 2024

### Item 12 – 2024 Customer Rates



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# Item 12 – 2024 Customer Rates

## Overview

Staff is returning to the Board to recommend providing a 1% generation credit starting in 2024 for Standard Green customers based in part by additional 2023 financial actuals and PG&E's additional Transmission/Distribution rate increase scheduled in March (projected +13%).

### **This presentation provides:**

1. Brief Rates/Budget Background
2. Long-Term Outlook / Additional Steps
3. Recommended 2024 Customer Rates Adjustment

# Item 12 – 2024 Customer Rates

## **VCE Cost-Based Rate Policy: (Update Adopted November 2021)**

- VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and establish sufficient operating reserve funds.
- VCE's 2023/24 Target was set to fully fund +180 days of operating cash reserves

## **VCE 2024 Current Rates**

- 5-7% generation rate increase - Avg. approx. \$5 per month on Standard Green Residential
- 2.5% rate credits for low income and vulnerable customers (CARE, FERA, and Medical Baseline)

## 2024 Rates & Budget Background: Key objectives

- **Operating Days Cash** – Maintain Board approved cash target of +180 days
- ✓ **Debt Repayments** – Early repayment of term loan with River City Bank in 2023. (Completed)
- **Power Cost Contingencies** – (Increased)
  - Operational Contingency 5%/ \$3.6 M
  - \$1.5M for 2024 Resource Adequacy (RA) and Renewable Energy Certificates (RECs)
- **Power Purchase Agreement (PPA) Covenants** – Maintain PPA covenants (no letters of credit)
- **Investment Grade Credit Rating** – Update Timeline (Possible 2025)
- **Customer Programs and Dividends (Increased)**
  - \$2M in programs budgeted for 2024
  - Customer Programs and Dividends Policy - Q2 of 2024 (2023 audited financials)

# Item 12 – 2024 Customer Rates

## Long-term Outlook: Fixed Price PPAs

- Will increase by ~114% in 2024
- 80%+ of VCE’s annual load by 2024
- Reduced VCE costs compared to current RPS and RA market costs
- Significantly reduce volatility as VCE moves forward (smaller open position) – Note: new RA “Slice of Day” regimen begins in 2025 increasing RA market uncertainty.

### VCE PPA Contributions (Risk Reduction )

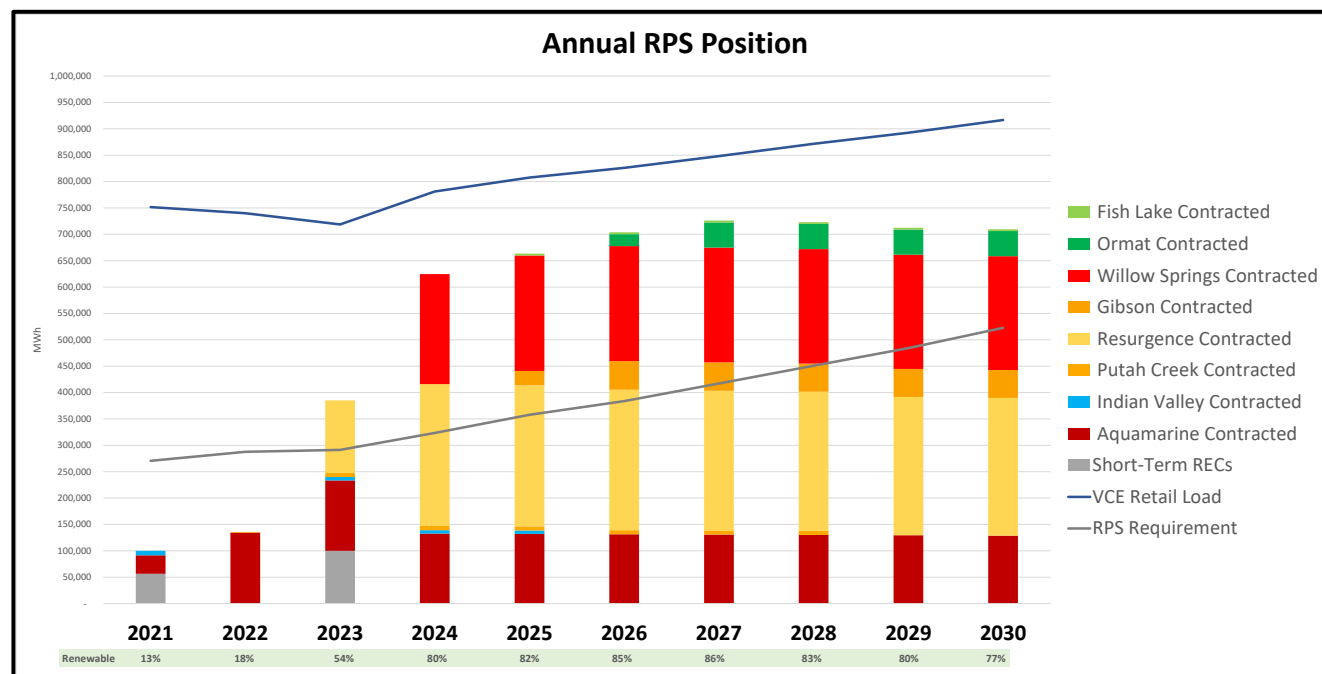
Description	2023	2024
Power Costs	Began 2023 with PPAs for ~150+ GWh (approx. 13% of VCE annual Load)	*Begin 2024 with PPAs for ~400+ GWh (approx. 50% of VCE annual Load)
Power Cost Contingencies	PPAs provide 75 MW RA (approx. 36% of VCE annual req.)	PPAs provide 143 MW RA (approx. 70% of VCE annual req.)



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\*Willy 9 Chap 2 Solar PV + Storage Project (72 MW PV /36 BESS / approx. 215,000+ MWhs)

### VCE Current Renewable Portfolio Trajectory



# Item 12 – 2024 Customer Rates

## Updated Multi-Year Forecast

Description	Actuals	2023 Proforma (10 Month Actuals + 2 Month Budget)	Budget	Preliminary Forecast*		
	2022	2023	2024	2025	2026	2027
Customer Revenue	85,323	96,250	106,500	99,810	108,300	103,950
Power Cost	75,130	72,500	75,200	62,700	66,300	68,300
Other Expenses	4,469	6,100	6,800	7,200	7,600	8,000
Net Income	5,724	17,650	24,500	29,910	34,400	27,650
Gross Margin	12%	25%	29%	37%	39%	34%
Net Margin	7%	18%	23%	30%	32%	27%
Addition Programs & +180 Days Operating Cash				Reserve Policy & Margin Targets		


Note: Forecasted financials are based on the most current available data and assumptions. These scenarios rely on future rate adjustments, reserves, or both to mitigate future power cost volatility.

# Item 12 – 2024 Customer Rates

## Proposed Rate Adjustment: Key Considerations

- Disciplined and financially prudent approach to providing consistent rate relief (Savings compared to PG&E).
- 2024 financial objectives remain whole with the proposed revenue reduction
- Reach current target of 180 Days Operating Cash by the end of 2024
- Current Year Net Income -> Following Year Program Fund
- Longer-term outlook (2024+) shows increased stability and cost certainty
- VCE maintains Budget, Rates, Reserve, and Rate Adjustment System Policy standards.

## Additional Rate Relief Steps

1. Customer Programs and Dividend Policy – 2023 net margin allocation (April 2024)
2. Assess PPA prepayment options for reducing power costs (April 2024)
3. Review Reserve Policy for updates (Investment grade credit rating & budget net margin targets)
  - 180 Days operating target (Credit rating - Initial Step / Min Level)
  - 180+ Days operating cash – rate stability fund (PCIA, regulatory, weather, and power cost volatility)
4.  Rate Adjustment System does allow for reducing customer rates based on actual cost performance.



# Item 12 – 2024 Customer Rates

## Summary

Standard Green Rate credits are estimated at an average of 1%/\$1.2 per month credit for residential customers on VCE's default Standard Green rate for an annual cumulative savings of approximately \$1M. Staff recommends continuing base green rate credits of 2.5% on generation for low income and vulnerable customers (CARE, FERA, and Medical Baseline) that make up over 25% of VCE's residential customer base providing an additional savings of \$650K

## VCE Rates Recommendation

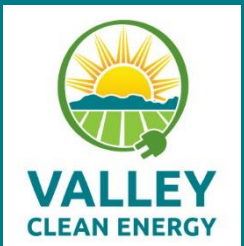
1. Standard Green Rates credits of 1% to PG&E 2024 generation rates.
2. Base Green Rate credits of 2.5% to PG&E 2024 generation rates
  - a) Automatically provide CARE and FERA customers Base Green Rate (least cost option with standard green benefits)

Note: Increased CARE/FERA rate credits by 1% for a \$300K annual revenue reduction



**Valley Clean Energy Board Meeting – Thursday, January 11, 2024**

**Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance**



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# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

## 2023 Year in Review: Impact



Leadership among CCAs



Award-Winning Programs



Photo: YvonneHunterPhotography.com

5 Years of Serving Our Member Communities

### Community Impact



**378** MW

Increased clean energy capacity since 2018



**\$1.5** M

VCE customer savings since 2018



**\$7** M

Dollars allocated to community reinvestment programs

# 2023 Year in Review: Portfolio



# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance



**Totals Contracted For Since 2018:**

- 243 MW Renewables
- 128 MW BESS\*
- 7 MW Demand Response

## Power Resource Contracts

<p><b>1. Aquamarine Solar Facility</b> Kings County 50 MW PV-only (approx. 130,000 MWhs) <i>online now</i></p>	<p><b>7. Willy 9 Chap 2</b> (Formerly Willow Springs Solar 3) Kern County Solar PV + Storage Project 72 MW (PV)/36 MW BESS* (approx. 215,000+ MWhs) <i>anticipated online end of 2023</i></p>
<p><b>2. Putah Creek</b> Yolo County Solar PV + Storage Project 3 MW/3 MW BESS* (approx. 7,600 MWhs) <i>online now</i></p>	<p><b>8. Gibson</b> Yolo County Solar PV + Storage Project 13 MW/13 MW BESS** (approx. 50,000 MWhs) <i>anticipated online Q2 2025</i></p>
<p><b>3. Indian Valley Hydro</b> Lake County 2.9 MW small hydro (approx. 6,000 MWhs) <i>online now</i></p>	<p><b>9. Tumbleweed Long-Duration Battery Storage (8 hrs)</b> Kern County VCE Share 2.9 MW <i>anticipated online Q2 2026</i></p>
<p><b>4. Tierra Buena Battery Storage Facility (4 hrs)</b> Sutter County VCE Share is 2.5 MW <i>online now</i></p>	<p><b>10. Goal Line Long-Duration Battery Storage (8 hrs)</b> San Diego County VCE Share 2.25 MW <i>anticipated online Q2 2025</i></p>
<p><b>5. Aggregated Demand Response</b> Statewide Resources VCE share is 7 MW <i>online now</i></p>	<p><b>11. Fish Lake Geothermal</b> Esmeralda County, NV VCE Share 0.42 MW (approx. 3,460 MWhs) <i>anticipated online spring 2025</i></p>
<p><b>6. Resurgence Solar I</b> San Bernardino County Solar PV + Storage Project 90 MW (PV)/75 MW BESS* (approx. 250,000+ MWhs) <i>online now</i></p>	<p><b>12. Ormat Nevada Inc Portfolio</b> Geothermal – NV &amp; CA VCE Share 4.63 MW (approx. 35,380 MWhs) <i>anticipated online early 2026</i></p>

\*Battery Energy Storage System (4 hrs)  
\*\*Battery Energy Storage System (5 hrs)



# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

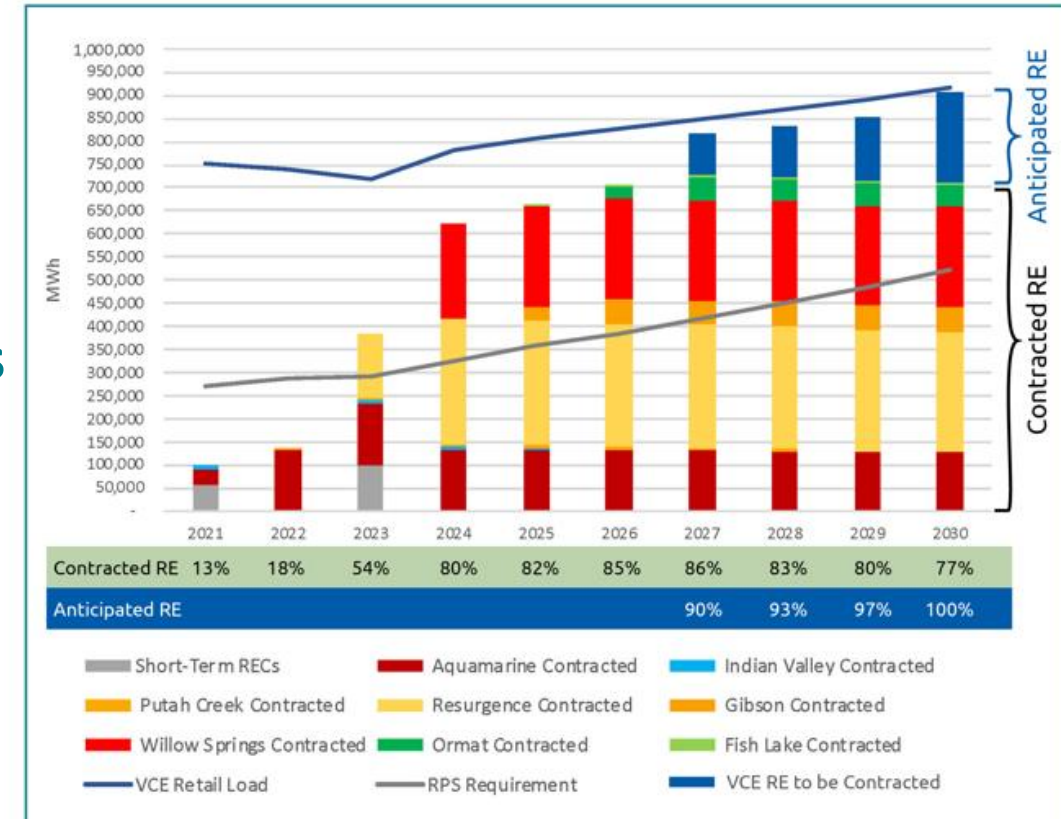
## Portfolio Highlights

- Established a new VCE target of **100% renewables** with a **25% local storage** component.
- Successful transition from SMUD to The Energy Authority (TEA) resulting in **cost savings, efficiencies** and **additional services**.
- Gibson project final permit approvals and pursuing **microgrid funding opportunities**



*Future Gibson Ranch Site*  
Photo: YvonneHunterPhotography.com

## ANNUAL RPS POSITION



# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance



*Resurgence I & II. VCE's share is approx. 2/3<sup>rd</sup> of above photo.*

**Project size: 90 MW PV + 75MW BESS**

**COD: BESS/PV –July/Aug 2023**

*Willy 9 Chap 2. Formerly Willow Springs Solar Project. CAISO requested revised naming convention. PV portion is complete and is in commercial operation. BESS is awaiting final approvals.*

**Project size: 72MW PV + 36MW BESS**

**COD: PV delivering energy 1/1/24**



**2023 Year in  
Review:  
Marketing  
& Outreach**



# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

## Outreach: Meeting Our Customers Where They Are



Events: 8 events; 10,000+ people reached (including media, in-person)



Media: 6 press releases, 8 press placements, 2 op-eds, 200 media contacts



Customer inquiries: rapid, tailored responses with emphasis on authenticity and engagement



Photos:  
YvonneHunterPhotography.com



## Outreach Spotlight: VCE's 5-Year Anniversary



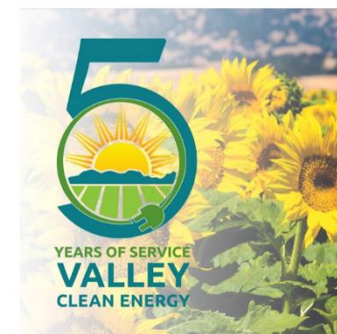
Events: (4) Downtown Woodland Food Truck Mania, Downtown Winters Fourth Friday Festival, 5-Year Anniversary Event in Davis; 5-year anniversary event at Board meeting



Media: [Davis Enterprise](#)



Impact: Exposure – 6000+ (including media, in-person), 60 EV experiences (including test drives)



Photos: YvonneHunterPhotography.com

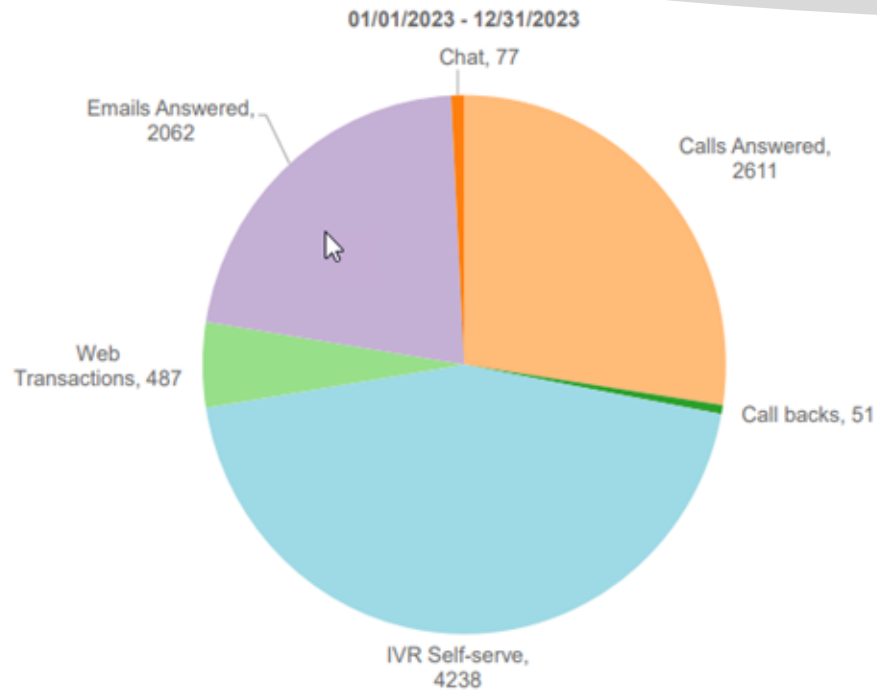


**2023 Year in  
Review:  
Customer  
Care**



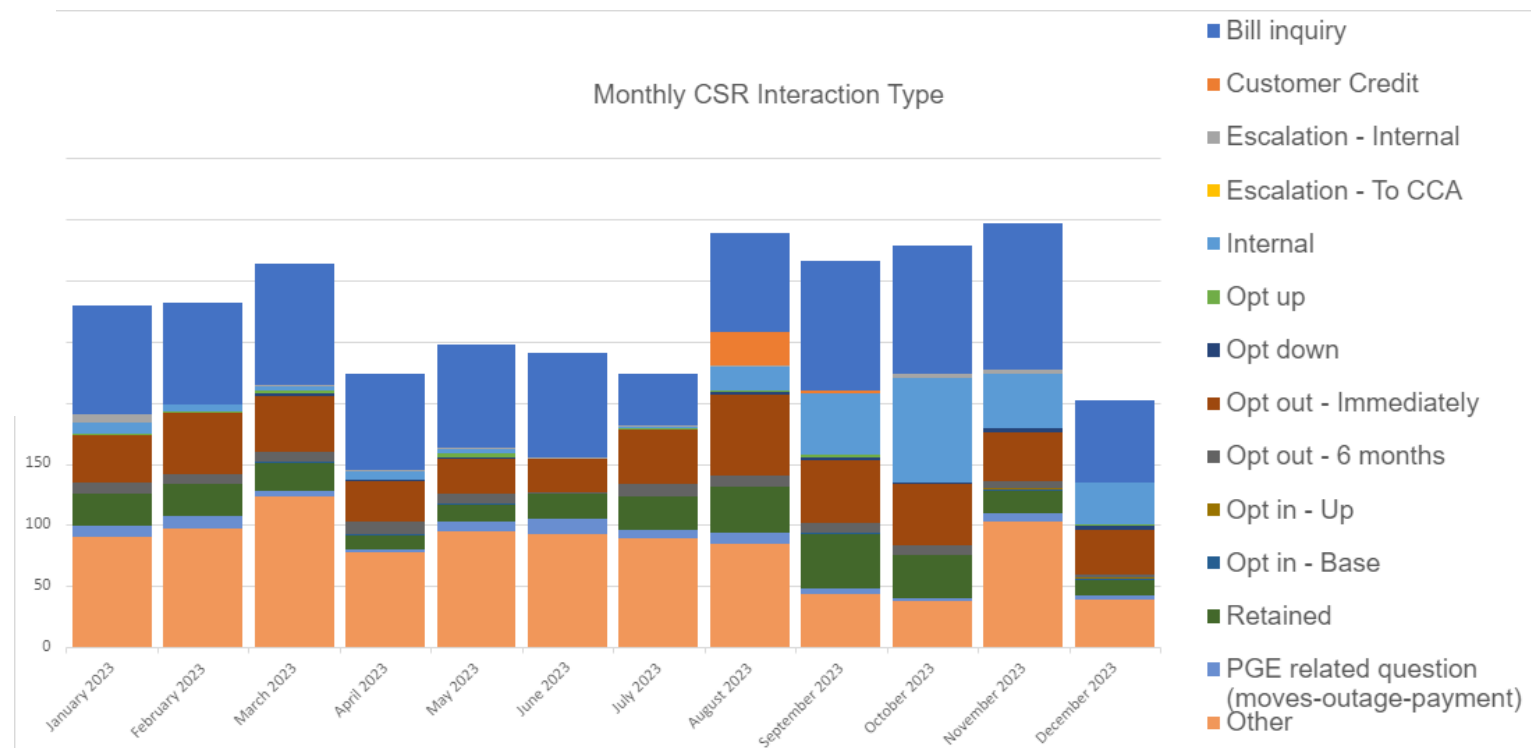
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## Customer Service Representative (CSR) Interactions



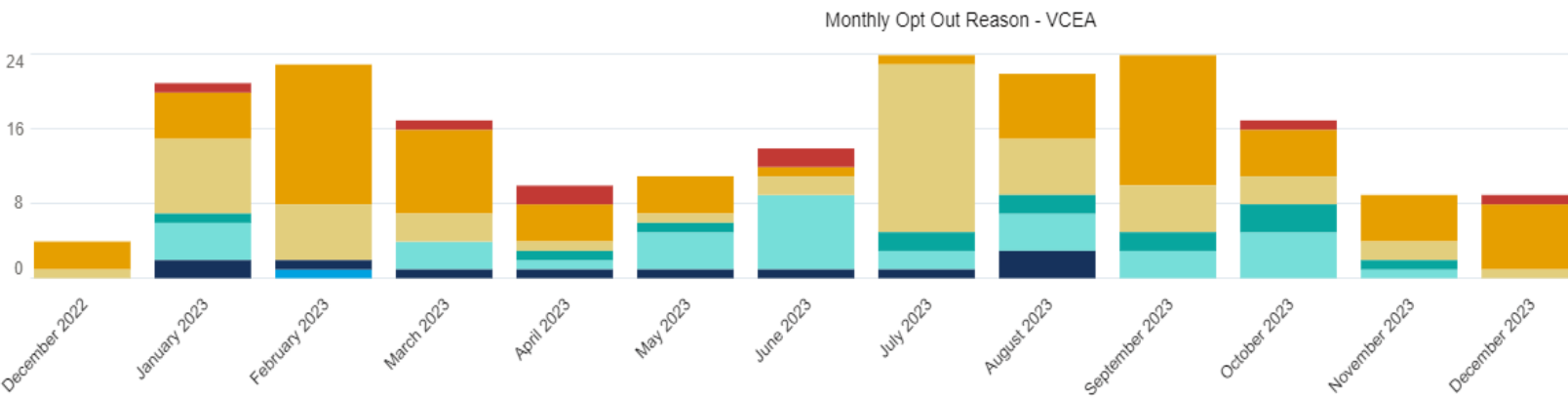
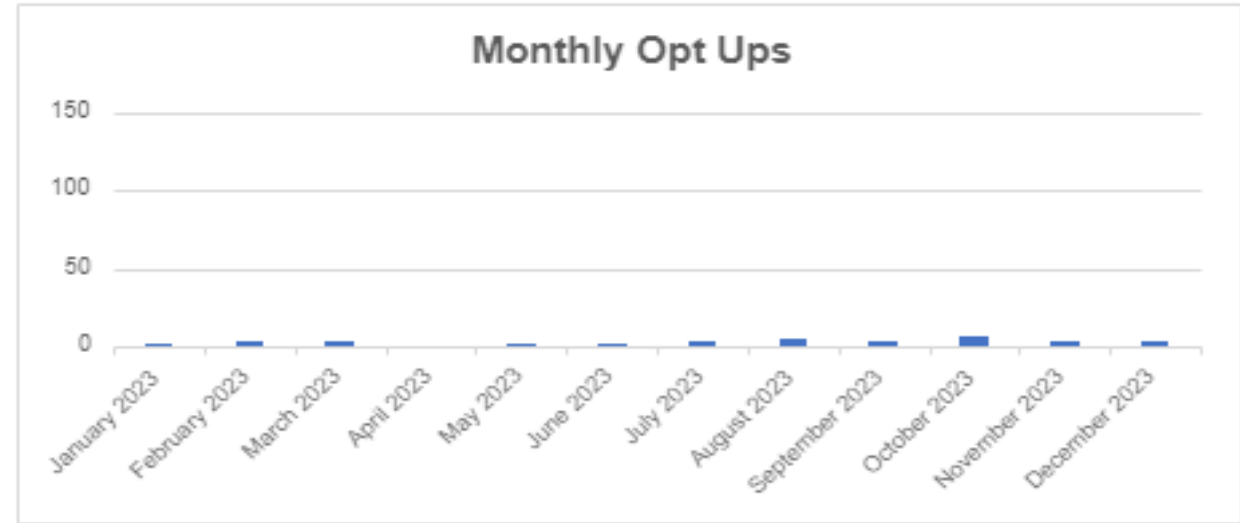
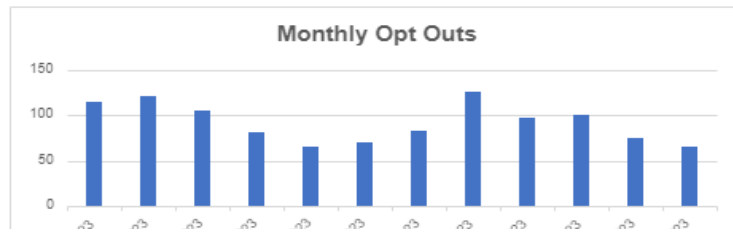
CSR Calls	27.4%
Emails	21.6%
IVR Self-serve	44.5%
Web Transactions	5.1%
Chat	0.8%
Call Backs	0.5%

Metrics (January 2023 to December 2023)	
Abandon Rate %	2.36%
Average Speed of Answer (seconds)	8



# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

## Opt-outs & Opt-ups, 2023



- Reason for Opt-Out
- Concerns about Government-run Power Agency
  - Decline to Provide a Reason
  - Dislike being Automatically Enrolled
  - No Entry
  - Other
  - Rate/Cost concerns
  - Service/Billing Concerns

# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

## Website Analytics: Page Views & Engagement

Page title and screen class	↓ Views	Users	Views per user	Average engagement time
	77,379 100% of total	20,433 100% of total	3.79 Avg 0%	1m 33s Avg 0%
1 (not set) <i>(Likely VCE Home)</i>	13,680	862	15.87	4m 23s
2 Home - Valley Clean Energy	12,957	7,245	1.79	36s
3 VCE EV Rebates - Valley Clean Energy	3,036	1,823	1.67	1m 03s
4 Credits & Rebates - Valley Clean Energy	2,949	1,869	1.58	41s
5 Residential - Valley Clean Energy	2,308	1,504	1.53	30s
6 Board Meetings and Agendas - Valley Clean Energy	2,087	617	3.38	2m 02s
7 Opt out - Valley Clean Energy	1,466	1,009	1.45	43s
8 Understand your Bill - Valley Clean Energy	1,378	1,077	1.28	44s
9 RFPs / RFOs - Valley Clean Energy	1,243	600	2.07	22s
10 A Flexible Irrigation Pilot Program for Agriculture - Valley Clean Energy	1,231	708	1.74	35s

### Average Time Spent on Websites

Across Industries: 53 seconds  
(VCE: 1 minute 33 seconds)

### E-Commerce Pages:

44 seconds-1  
minute 22 seconds

Blog Posts: 2-5  
minutes

# 2023 Year in Review: Programs





# Item 13 – 2023 Year in Review: Portfolio, Marketing and Outreach, Programs, and Finance

## Program Highlights



### VCE Electric Vehicle Rebates – Stack your Savings!

39 rebates awarded total; 8 low-income

Total awarded \$109,500/\$32,000 low-income



REDWDS Grant provisionally approved



AgFIT; Potential AgFIT Expansion



SACOG-funded EV Chargers



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Ag and EV charger photos: YvonneHunterPhotography.com

# 2023 Year in Review: Finance



## Finance Highlights

- \$500K toward debt
  - Early retirement of Term Loan – Debt Free
- \$350K to Care/FERA discounts
- 90 Days Operating Cash
- Clean Financial Audit
- Reached \$3M for Programs with \$700K allocated to program reserve.
- Compliance with All Debt and Power Purchase Agreement covenants
- Implemented 3<sup>rd</sup> Customer Rate Option – Base Green

