Regular Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, October 13, 2022 at 5 p.m.
Via Video/Teleconference

Pursuant to Assembly Bill 361 (AB 361), legislative bodies may meet remotely without listing the location of each remote attendee, posting agendas at each remote location, or allowing the public to access each location, with the adoption of certain findings. The Board of Directors found that the local health official recommended measures to promote social distancing and authorized the continuation of remote meetings for the foreseeable future. Any interested member of the public who wishes to listen in should join this meeting via teleconferencing as set forth below.

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

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

Join meeting via Zoom:

a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet. (If your device does not have audio, please also join by phone.)
https://us02web.zoom.us/j/86289654730
Meeting ID: 862 8965 4730

b. By phone
One tap mobile:
+1-669-900-9128,, 86289654730# US
+1-669-444-9171,, 86289654730# US

Dial:
+1-669-900-9128 US
+1-669-444-9171 US
Meeting ID: 862 8965 4730

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

5:00 p.m. Call to Order

1. **Welcome**
2. **Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda, or are listed on the Consent portion of the agenda. Public comments on matters listed on the regular agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

3. **Renew authorization of remote public meetings as authorized by Assembly Bill 361.**
4. **Approve September 8, 2022 Board meeting Minutes.**
5. **Receive 2022 Long Range Calendar.**
6. **Receive Financial Updates August 31, 2022 (unaudited) financial statement.**
7. **Receive Legislative update.**
8. **Receive October 5, 2022 Regulatory update provided by Keyes & Fox.**
9. **Receive Community Advisory Committee September 22, 2022 meeting summary.**
10. **Receive quarterly Customer Participation update.**
11. **Receive update on SACOG Electric Vehicle Charging Infrastructure Grant.**
12. **Approve agreement with James Marta & Company to perform auditing services for calendar years ending 2022 through 2024 with the option to extend.**

REGULAR AGENDA

13. **Approve Valley Clean Energy's (VCE's) 2022 Integrated Resource Plan and associated Action Plan to be submitted to the California Public Utilities Commission by November 1, 2022. (Action)**
14. **Receive VCE Strategic Plan update. (Information/Discussion)**
15. **Receive progress update on VCE 3-Year Programs Plan and 2023 program concepts. (Information)**
16. **Receive update on draft 2023 Operating Budget. (Information)**
17. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

18. **Adjournment:** The next regular meeting is scheduled for Thursday, November 10, 2022 at 5 p.m. via video/teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS SPECIAL MEETING ON THURSDAY, OCTOBER 13, 2022 AT 5:00 P.M.:

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

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

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

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

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

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 3

TO: Board of Directors

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

SUBJECT: Renew Authorization to continue Remote Public Meetings as authorized by Assembly Bill 361

DATE: October 13, 2022

Recommendation

VCE Board renew authorization for remote (video/teleconference) meetings, including any standing or future committee(s) meetings and Community Advisory Committee meetings, by finding:

1. Pursuant to Assembly Bill 361 (AB 361), that the COVID-19 pandemic state of emergency is ongoing.

Background/Summary of AB 361

Pursuant to Government Code Section 54953(b)(3) legislative bodies may meet by "teleconference" only if the agenda lists each location a member remotely accesses a meeting from, the agenda is posted at all remote locations, and the public may access any of the remote locations. Additionally, a quorum of the legislative body must be within the legislative body's jurisdiction.

Due to the COVID-19 pandemic, the Governor issued Executive Order N-29-20, suspending certain sections of the Brown Act. Pursuant to the Executive Order, legislative bodies no longer needed to list the location of each remote attendee, post agendas at each remote locations, or allow the public to access each location. Further, a quorum of the legislative body does not need to be within the legislative body's jurisdiction. After several extensions, Executive Order N-29-20 expired on September 30, 2021.

On September 16, 2021, the Governor signed AB 361, which kept some of the provisions of Executive Order N-29-20. Pursuant to Government Code Section 54953(e), legislative bodies may meet remotely and do not need to list the location of each remote attendee, post agendas at each remote locations, or allow the public to access each location.

However, legislative bodies must first find either that: (1) the legislative body is meeting during a state of emergency and determine by majority vote that meeting in person would present an imminent risk to the health or safety of attendees; or (2) state or local health officials impose or recommend social distancing measures. Government Code Section 54953(e)(1). The legislative body must make the required findings every 30 days, until the end of the state of emergency or recommended or required social distancing. Government Code Section 54953(e)(3). On January 1, 2024, Government Code Section 54953(e) is repealed.

The recommended action is required by AB 361 to continue meeting remotely during a declared state of emergency. Since March 1, 2022, the Yolo County Health Officer is no longer expressly recommending social distancing, although she still encourages the use of facial coverings/masks indoors. The VCE Board retains discretion under AB 361 to independently determine that remote meetings should continue because meeting in person would present imminent risks to the health and safety of attendees. Staff recommends that the Board make a finding that holding meetings in person would present an imminent risk to the public for the following reasons:

- The facilities in which the VCE Board meet were not designed to prevent the spread of infection by promoting mask usage, social distancing (including between Board members), or by use of increased ventilation/air filtration or other sanitary measures.
- Some staff, Board members, and community members who would otherwise participate in VCE meetings to participate in Board meetings, and some of these community members are likely at high risk for serious illness from COVID-19 and/or live with someone who is high risk.

Staff continues to monitor the situation as part of our emergency operations efforts and will return to the Board every thirty (30) days or as needed with additional recommendations related to the conduct of public meetings.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from September 8, 2022 meeting

DATE: October 13, 2022

RECOMMENDATION

Receive, review and approve the attached September 8, 2022 meeting Minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, SEPTEMBER 8, 2022

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, September 8, 2022 at 5:00 p.m., to be held via Zoom webinar. Vice Chair Tom Stallard began the meeting at 5:06 p.m. without a quorum. VCE's Executive Officer Mitch Sears provided an update on the Statewide Flex Alerts. Vice Chair Stallard established that there was a quorum present and began the regular meeting at 5:15 p.m.

Board Members Present:	Tom Stallard, Don Saylor, Dan Carson, Wade Cowan, Angel Barajas (Alternate Yolo County)
Members Absent:	Jesse Loren, Gary Sandy, Lucas Frerichs, Mayra Vega

Welcome	Vice Chair Stallard welcomed everyone.
Public Comment – General and Consent	Board Clerk informed those present that there were no verbal or written public comments on general items or consent items.
Approval of Consent Agenda / Resolution 2022-026 and Resolution 2022-027	Motion made by Director Dan Carson to approve the consent agenda items, seconded by Director Angel Barajas. Motion passed with Directors Loren, Sandy, Frerichs and Vega absent. The following items were: 3. Authorized to continue remote public meetings as authorized by Assembly Bill 361; 4. Approved July 14, 2022 Board meeting Minutes; 5. Received 2022 Long Range Calendar; 6. Received Financial Updates – A) June 30, 2022 and B) July 31, 2022 (unaudited) financial statements; 7. Received Legislative update from Pacific Policy Group; 8. Received August 31, 2022 July 6, 2022 Regulatory update provided by Keyes & Fox; 9. Received Community Advisory Committee August 25, 2022 meeting summary; 10. Received Biannual Enterprise Risk Management Report; 11. Accepted and attested the accuracy of Valley Clean Energy's 2021 Power Content Label for the Standard Green and UltraGreen products; 12. Approved Amendment to 2022 Budget for Agricultural Flexible Irrigation Technology (AgFIT) Pilot program as Resolution 2022-026; 13. Approved agreement with PFM Financial Advisors to provide financial advisor services as Resolution 2022-027; and, 14. Received update on Wholesale Energy Services. As mentioned above, there were no verbal or written public comments.

Item 15: Receive Mid-year update on 2022 Customer Rates. (Information)	Mr. Sears introduced this item. VCE Staff Edward Burnham provided an information update on how the rates are performing. Mr. Burnham provided a brief background overview, summarized the 2022 Budget Proforma (6 months actuals), and reviewed key factors on revenues, power costs, and load. A few items were discussed: forecasting of Power Charge Indifference Adjustment (PCIA) costs and the possible effects of extending Diablo Canyon. There were no verbal or written public comments.
Item 16: Introduce and receive input on a Rate Adjustment System Concept. (Information/Discussion)	Mr. Sears introduced this item. Mr. Burnham provided an introduction on a conceptual framework, called a Rate Adjustment System (RAS), that would allow VCE's rates to automatically adjust within a defined range to more timely and accurately reflect key external cost factors that are outside VCE's control. Mr. Burnham defined RAS and its key attributes and benefits. General consensus from the Board was for Staff to continue developing this concept. Staff informed the Board that feedback/input would be sought from the Community Advisory Committee and Staff would return later with a draft RAS for further Board consideration. There were no verbal or written public comments.
Item 17: Receive VCE Strategic Plan update. (Information)	This item was tabled to the next regular Board meeting.
Item 18: Receive AgFIT Pilot Program implementation update. (Information)	This item was tabled to the next regular Board meeting.
Item 19: Board Member and Staff Announcements	There were no announcements from the Board. Mr. Sears informed those present that Staff are tracking the Diablo Canyon legislative process and the Inflation Reduction Act. Vice Chair Stallard announced that the Board's next regular meeting is scheduled for Thursday, October 13, 2022 at 5 p.m.
Adjournment	Vice Chair Stallard adjourned the regular Board meeting at 5:41 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2022 Long-Range Calendar

DATE: October 13, 2022

Recommendation

Receive and file the 2022 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

VALLEY CLEAN ENERGY
2022 Meeting Dates and *Proposed* Topics
Board and Community Advisory Committee (CAC)
(CAC: Topics and Discussion Dates may change as needed)

MEETING DATE		TOPICS	ACTION
~~January 13, 2022~~ **Special Meeting scheduled for January 27, 2022**	**Board**	• Election of Officers for 2022 (Annual) • Near-term Procurement Directives and Delegations for 2022 Power Procurement Activities • Calendar Year Budget and 2022 VCE customer rates • GHG Free Attributes • 2022 Legislative Platform • Receive CAC 2021 Calendar Year End Report (Annual) • 2021 Year End Review: Customer Care and Marketing	• Action • Action • Action • Action • Action • Information • Information
~~January 27, 2022~~ January 20, 2022	**Advisory Committee**	• 2022 Task Groups Tasks/Charge (Annual) • Update on 2022 Power Charge Indifference Adjustment (PCIA) and Rates • Carbon Neutral by 2030 Study • CC Power long duration storage • Draft Collections Policy • Update on customer programs development (draft Heat Pump Pilot Program)	• Action • Discussion/Action • Discussion/Action • Information • Information/Discussion • Information
February 10, 2022	**Board**	• CC Power long duration storage • Update on customer programs development • Update on 2022 PCIA and Rates • Update on Time of Use (TOU) • Update on SACOG Grant – Electrify Yolo • Strategic Plan Update (Annual) • Carbon Neutral Report	• Action • Information • Information • Information • Information • Information • Information/Discussion
February 24, 2022	**Advisory Committee**	• Power Procurement / Renewable Portfolio Standard Update • Time of Use (TOU) and Bill Protection • Final Draft Collections Policy • Customer program concept (Heat Pump Pilot Program) • 2022 Task Group – energy resiliency	• Information • Discussion/Action • Action • Discussion/Action • Discussion/Action

March 10, 2022	**Board**	• Receive Enterprise Risk Management Report (Bi-Annual) • Collections Policy • Presentment of customer program concept (Heat Pump Pilot Program) • Time of Use (TOU) Bill Protection • Ag FIT (Flexible Irrigation Technology) pilot program	• Information • Discussion/Action • Action • Discussion/Action • Discussion/Action
March 24, 2022	**Advisory Committee** ~~WOODLAND~~	• Customer program concept (draft EV Rebates Program) • CC Power long duration storage project • Overview of VCE Forecasting	• Information • Information • Information/Discussion
April 14, 2022	**Board**	• Update on SACOG Grant – Electrify Yolo • 7/1/21 thru 12/31/21 Audited Financial Statements (James Marta & Co.) • CC Power long duration storage project	• Information • Action • Discussion/Action
April 28, 2022	**Advisory Committee**	• Program Concepts Development (EV Rebates Program) • Update on Customer Dividend and Programs Allocation • Forecasting – load and power costs •	• Discussion/Action • Information • Information • Discussion
May 12, 2022	**Board**	• Update on Customer Dividend and Programs Allocation • Presentment of customer program concept (EV Rebates Program) • Appointment of At-Large Members to the CAC	• Information • Action • Action
May 26, 2022	**Advisory Committee**	• Forecasting – financial modeling • Draft Rate Structure • Net Energy Metering (NEM) 3.0 Update	• Information • Information/Discussion • Information
June 9, 2022	**Board**	• Opt-Out Fees • Update on 3-Year Programs Plan • Forecasting • Draft Rate Structure • Net Energy Metering (NEM) 3.0 Update	• Information • Information • Information • Information/Discussion • Information
June 23, 2022	**Advisory Committee**	• Draft Rate Structure • Update 3-Year Programs Plan • Review CAC Charge (Annual)	• Discussion/Action • Information/Discussion • Discussion
July 14, 2022	**Board**	• Re/Appointment of Members to Community Advisory Committee (Annual) • Update on SACOG Grant – Electrify Yolo	• Action • Information

		• Draft Rate Structure • Quarterly Customer Enrollment Update	• Discussion/Action • Information
~~July 28, 2022~~ NO MEETING	**Advisory Committee**	**This meeting has been cancelled.**	
~~August 11, 2022~~ *NO MEETING*	**Board**	**This meeting has been cancelled.**	
August 25, 2022	**Advisory Committee**	• Power Procurement / Renewable Portfolio Standard update • Mid-year 2022 rates update • Quarterly Customer Enrollment Update	• Information • Information • Information
September 8, 2022	**Board**	• Certification of Standard and UltraGreen Products / 2021 Power Content Label (Annual) • Enterprise Risk Management Report (Bi-Annual) • Mid-year 2022 Customer rates review • Introduction to Rate Adjustment System concept	• Action • Information • Information/Discussion • Information/Discussion
September 22, 2022	**Advisory Committee**	• Legislative End of Session update • 2022 Integrated Resource Plan (IRP *update* due 11/1/2022) • Update on Programs Plan and 2023 program concepts • Introduction to Rate Adjustment System concept	• Information • Information/Discussion • Information/Discussion • Information/Discussion
October 13, 2022	**Board**	• Update on SACOG Grant – Electrify Yolo • Update on 2023 draft Operating Budget • Quarterly Customer Participation Update • Strategic Plan update • 2022 Integrated Resource Plan (IRP *update* due 11/1/22) • Update on Programs Plan and 2023 program concepts	• Information • Information • Information • Information/Discussion • Discussion/Action • Information
October 27, 2022	**Advisory Committee**	• Update on Power Content Label Customer Mailer • Review CAC Task Group Year-end Reports • Review 2023 customer rate study/information • Rate Adjustment System • Quarterly Customer Participation Update	• Information • Discussion • Information/Discussion • Discussion • Information
November 10, 2022	**Board**	• Preliminary 2023 customer rate options • Preliminary 2023 Operating Budget (Annual) • Rate Adjustment System (tentative)	• Information/Discussion • Information • Discussion

November 17, 2022 (rescheduled November 24th meeting due to the Thanksgiving holiday)	**Advisory Committee**	• Finalize CAC Task Group Year-end Reports • Review Procurement Directives and Delegations (Annual) • GHG Free attributes • Power Procurement / Renewable Portfolio Standard Update • ERRA Filings Update (PCIA and bundled rates) (Annual) • Preliminary 2023 customer rate options • Carbon Neutral by 2030 • Rate Adjustment System	• Discussion/Action • Information • Information • Information • Discussion • Information/Discussion • Discussion/Action • Discussion/Action
December 8, 2022	**Board**	• Approve 2023 Operating Budget (Annual) • Rate Adjustment System • 2023 Customer Rate Adoption • Receive Enterprise Risk Management Report (Annual) • Approve Procurement Directives and Delegations (Annual) • GHG Free attributes • Update on SACOG Grant – Electrify Yolo • Receive CAC Year-end Task Group Reports • Carbon Neutral by 2030 • Election of Officers for 2023 (Annual)	• Action • Discussion/Action • Action • Information • Action • Action • Information • Information • Discussion/Action • Nominations
December 15, 2022 (rescheduled December 22nd meeting due to the Christmas holiday)	**Advisory Committee**	• 2023 CAC Task Group(s) formation (Annual) • Review draft 2023 Legislative Platform • Strategic Plan update (Annual) • 2023 Customer Rates • Election of Officers for 2023 (Annual)	• Discussion/Action • Discussion/Action • Information • Information • Nominations
January 12, 2023	**Board**	• Oaths of Office for Board Members (Annual if new Members) • Update on SACOG Grant – Electrify Yolo • Strategic Plan Update (Annual) • 2023 Legislative Platform • Approve Updated CAC Charge (tentative) (Annual) • Quarterly Customer Participation Update	• Action • Information • Action • Action • Action • Information
January 26, 2023	**Advisory Committee**	• Quarterly Customer Participation Update	• Information

Notes: 1. CalCCA Annual Meeting scheduled (tentatively) for May 17 - 19, 2023 (San Diego).
2. Currently all meetings are held remotely via Zoom video/teleconference, "location" is subject to change.

CAC *PROPOSED* FUTURE TOPICS Topics and Discussion dates may change as needed	ESTIMATED MEETING DATE(S)
Net Energy Metering (NEM) 3.0 (Information/Discussion/Action)	As needed
Self Generation Incentive Program (SGIP)	TBD
Forecasting Customer Ag Energy Using Hydrological Conditions (research results) (Information)	TBD
Legislative Items (as needed)	
Strategic Plan additional updates (as needed)	
Time of Use (TOU) (as needed)	
SACOG Update (as needed)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Board of Directors

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

SUBJECT: Financial Update – August 31, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending August 31, 2022

DATE: August 31, 2022

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of August 1, 2022 to August 31, 2022 (with comparative year to date information) and Actual vs. Budget year to date ending August 31, 2022.

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

The Financial Statements include the following reports:

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

In addition, Staff is reporting the Actual vs. Budget variances year to date ending August 31, 2022.

Financial Statements for the period August 1, 2022 – August 31, 2022
In the Statement of Net Position, VCEA, as of August 31, 2021, has a total of $4,107,992 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account, $1,998,276 restricted assets related to supplier deposits, and $1,025,127 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of August

31, 2021, $62,955. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of $884,987. The line of credit with the County of Yolo has an outstanding balance of $3,000,000. On August 31, 2022, VCE's net position is $14,980,296.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded $11,509,634 of revenue (net of allowance for doubtful accounts), of which $12,181,117 was billed in August, and $5,892,160 represent estimated unbilled revenue. The cost of electricity for the August revenue amount totaled $9,605,351. For August, VCEA's gross margin was approximate 25% and net income totaled $1,298,621. The year-to-date change in net position was $5,292,424.

In the Statement of Cash Flows, VCEA cash flows from operations were ($186,459) due to August cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending August 31, 2022
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($2,850,941) and -5% – Unfavorable variance due to The 2022 Budget incorporated revenues associated with extreme temperatures and drought conditions. These revenues have not fully materialized in the actuals for 2022.

- Purchased Power – ($3,819,961) and -8% – Unfavorable variance due to warmer weather than forecast during the winter months, heat storms in June and August, and gas prices driving short-term power market increases.

Attachments:

1) Financial Statements (Unaudited) August 1, 2022 to August 31, 2022 (with comparative year to date information.)
2) Actual vs. Budget for the year to date ending August 31, 2022

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2022

PREPARED ON OCTOBER 7, 2022

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
August 31, 2022
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	4,107,992
Accounts receivable, net of allowance		15,614,740
Accrued revenue		5,892,160
Prepaid expenses		21,881
Other current assets and deposits		2,139,195
Total current assets		27,775,968
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		1,025,127
Total restricted assets		2,125,127
TOTAL ASSETS	$	29,901,095
LIABILITIES		
Current liabilities:		
Accounts payable	$	492,677
Accrued payroll		57,353
Interest payable		4,458
Due to member agencies		62,955
Accrued cost of electricity		8,277,578
Other accrued liabilities		49,430
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		64,984
Limited Term Loan		884,987
Loan - County of Yolo		3,000,000
Total current liabilities		14,874,422
Total noncurrent liabilities		-
TOTAL LIABILITIES	$	14,874,422
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		2,125,127
Unrestricted		12,677,046
TOTAL NET POSITION	$	15,026,673

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OFAUGUST 1, 2022 TO AUGUST 31, 2022
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2022	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 11,509,634	$ 57,409,358
Other revenue	108,352	1,108,198
TOTAL OPERATING REVENUES	11,617,986	58,517,556
OPERATING EXPENSES		
Cost of electricity	9,605,351	49,025,099
Contract services	226,303	1,721,766
Staff compensation	104,584	834,938
General, administration, and other	338,430	1,629,911
TOTAL OPERATING EXPENSES	10,274,668	53,211,714
TOTAL OPERATING INCOME (LOSS)	1,343,318	5,305,842
NONOPERATING REVENUES (EXPENSES)		
Interest income	4,401	15,249
Interest and related expenses	(2,721)	(28,667)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,680	(13,418)
CHANGE IN NET POSITION	1,344,998	5,292,424
Net position at beginning of period	13,681,675	9,734,249
Net position at end of period	$ 15,026,673	$ 15,026,673

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2022	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 10,390,750	$ 44,925,017
Payments received from other revenue sources	108,352	1,108,198.00
Payments to purchase electricity	(10,058,197)	(45,995,495.00)
Payments for contract services, general, and adminstration	(524,920)	(2,816,198.00)
Payments for staff compensation	(102,444)	(841,494.00)
Net cash provided (used) by operating activities	(186,459)	(3,619,972)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(42,813)	2,731,961
Interest and related expenses	(2,852)	(26,995)
Net cash provided (used) by non-capital financing activities	(45,665)	2,704,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	4,401	15,249
Net cash provided (used) by investing activities	4,401	15,249
NET CHANGE IN CASH AND CASH EQUIVALENTS	(227,723)	(1,040,676)
Cash and cash equivalents at beginning of period	6,460,842	6,460,842
Cash and cash equivalents at end of period	$ 6,233,119	$ 6,088,653
Cash and cash equivalents included in:		
Cash and cash equivalents	4,107,992	4,107,992
Restricted assets	2,125,127	2,125,127
Cash and cash equivalents at end of period	$ 6,233,119	$ 6,233,119

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2022	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 1,343,318	$ 5,305,842
(Increase) decrease in net accounts receivable	(1,517,534.00)	(8,306,895.41)
(Increase) decrease in accrued revenue	483,578	(4,123,966.74)
(Increase) decrease in prepaid expenses	10,918	863,349.00
(Increase) decrease in other assets and deposits	-	(140,919.00)
Increase (decrease) in accounts payable	17,855	47,935.00
Increase (decrease) in accrued payroll	2,140	(6,556.00)
Increase (decrease) in due to member agencies	929	(54,990.00)
Increase (decrease) in accrued cost of electricity	(452,846)	2,945,409.00
Increase (decrease) in other accrued liabilities	10,111	(236,320.00)
Increase (decrease) in user taxes and energy surcharges	(84,928)	(53,778.90)
Net cash provided (used) by operating activities	$ (186,459)	$ (3,760,891)

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 08/31/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 57,409,359	$ 60,260,300	$ (2,850,941)	-5%
Other Revenues - Programs	$ 1,108,198	$ -	$ 1,108,198	100%
Interest Revenues	$ 15,574	$ 12,000	$ 3,574	30%
Purchased Power	$ 49,025,099	$ 45,199,100	$ (3,819,961)	-8%
Purchased Power Base	$ 49,019,061	$ 45,135,000	$ (3,884,061)	-9%
Purchased Power Contingency 2%	$ -	$ 64,100	$ 64,100	100%
Labor & Benefits	$ 835,934	$ 869,200	$ 33,266	4%
Salaries & Wages/Benefits	$ 683,772	$ 726,400	$ 42,628	6%
Contract Labor (SMUD Staff Aug)	$ -	$ 29,200	$ 29,200	100%
Human Resources & Payroll	$ 152,162	$ 113,600	$ (38,562)	-34%
Office Supplies & Other Expenses	$ 153,390	$ 135,800	$ (17,590)	-13%
Technology Costs	$ 42,838	$ 27,800	$ (15,038)	-54%
Office Supplies	$ 7,119	$ 1,600	$ (5,519)	-345%
Travel	$ 250	$ 4,000	$ 3,750	94%
CalCCA Dues	$ 75,291	$ 84,800	$ 9,509	11%
CC Power	$ 26,891	$ 16,000	$ (10,891)	-68%
Memberships	$ 1,000	$ 1,600	$ 600	38%
Contractual Services	$ 1,605,020	$ 1,673,800	$ 68,780	4%
Other Contract Services	$ -	$ 16,800	$ 16,800	100%
Don Dame	$ 7,741	$ 6,600	$ (1,141)	-17%
SMUD - Credit Support	$ 354,335	$ 328,100	$ (26,235)	-8%
SMUD - Wholesale Energy Services	$ 397,146	$ 393,000	$ (4,146)	-1%
SMUD - Call Center	$ 531,486	$ 529,800	$ (1,686)	0%
SMUD - Operating Services	$ 34,080	$ 40,200	$ 6,120	15%
Commercial Legal Support	$ 8,234	$ -	$ (8,234)	100%
Legal General Counsel	$ 70,479	$ 103,200	$ 32,721	32%
Regulatory Counsel	$ 97,174	$ 132,800	$ 35,626	27%
Joint CCA Regulatory counsel	$ 4,532	$ 21,600	$ 17,068	79%
Legislative - (Lobbyist)	$ 45,000	$ 40,200	$ (4,800)	-12%
Accounting Services	$ 9,446	$ 17,600	$ 8,154	46%
Financial Consultant	$ -	$ 16,800	$ 16,800	100%
Audit Fees	$ 45,368	$ 27,100	$ (18,268)	-67%
Marketing	$ 124,669	$ 164,000	$ 39,331	24%
Marketing Collateral	$ 124,469	$ 160,000	$ 35,531	22%
Community Engagement Activities & Sponsorships	$ 200	$ 4,000	$ 3,800	95%
Programs	$ 1,100,193	$ 116,000	$ (984,193)	-848%
Program Costs	$ 102,724	$ 116,000	$ 13,277	11%
Programs - AgFIT	$ 997,469	$ -	$ (997,469)	100%
Rents & Leases	$ 17,690	$ 14,400	$ (3,290)	-23%
Hunt Boyer Mansion	$ 17,690	$ 14,400	$ (3,290)	-23%
Other A&G	$ 349,866	$ 240,000	$ (109,866)	-46%
Development - New Members	$ -	$ 16,800	$ 16,800	100%
Strategic Plan Implementation	$ 3,788	$ 25,400	$ 21,612	85%
PG&E Data Fees	$ 194,326	$ 184,000	$ (10,326)	-6%
Insurance	$ 9,880	$ 5,600	$ (4,280)	-76%
Banking Fees	$ 141,872	$ 8,200	$ (133,672)	-1630%
Miscellaneous Operating Expenses	$ 176	$ 600	$ 424	71%
Contingency	$ -	$ 20,000	$ 20,000	100%
TOTAL OPERATING EXPENSES	$ 53,212,037	$ 48,432,900	$ (4,779,137)	-10%
Interest on RCB loan	$ 26,171	$ 23,900	$ 2,271	10%
Interest Expense - Bridge Loan	$ 2,496	$ 52,000	$ (49,504)	-95%
NET INCOME	$ 5,292,427	$ 11,763,500	$ (6,471,073)	-55%

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: October 13, 2022

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.

The page has officially turned on the 2021-22 legislative session as October 1 marked the conclusion of the 30-day period for Governor Newsom to sign and veto bills, the last step in the process. The highlight of the bill signing period was the Governor's signing ceremony enacting the various bills making up the climate package.

With the session now behind us, the attention turns to the upcoming election as the Legislature is set to experience significant turnover. Both the Assembly and the Senate will have nearly a quarter of its members be freshman. While both of VCE's legislative representatives remain, the changing of legislators will have an impact on CCAs and VCE. The most notable affect will be the new faces on the energy committees, particularly a new Chair of the Senate Energy, Utilities and Communications Committee (EUC) where the longstanding chair Ben Hueso has termed out. Three other members of Senate EUC are also terming out, meaning 1/3 of the committee will be new members to the committee in 2023. The Assembly Committee on Utilities & Energy will also see a minimum of four new members in 2023, including the replacement of Bill Quirk who has been one of the most outspoken anti-CCA members thus far. Mr. Quirk decided not to return to office despite not terming out until 2024.

In addition to the legislative races, the November ballot includes a multitude of ballot measures with Proposition 30 as the most relevant to CCAs. Proposition 30 proposes to increase taxes on personal income over $2 million by 1.75% for individuals and married couples and allocates new tax revenues to proliferate zero-emission vehicles (ZEVs). The funding breaks down to 45% to incentives for ZEVs purchases and 35% for charging stations, with at least half of this funding directed to low-income households and communities. The remaining 20% of funds would be used for wildfire prevention and suppression. The Governor has come out strongly against Prop 30 (arguing that it was "devised to benefit one single corporation," Lyft) and finds himself aligned with the California Republican Party, the California Chamber of Commerce, and the

California Taxpayers Association and at odds with his allies supporting the measure including the Democratic Party, environmental groups, and labor groups including firefighters.

Lastly on the ballot are races for statewide office, including the Governor's seat. The fact that this race comes at the end of the update is a direct reflection of the potential for this race to be close. After defeating last year's recall in a landslide, Governor Newsom is facing off against current state senator Brian Dahle, a Republican whose district runs from Lake Tahoe north to the Oregon border. Early polling shows the Governor with a greater than 20-point advantage over Senator Dahle.

The Legislature will commence the 2023-24 legislative session on December 5, 2022 and VCE Staff, PPG, and the Legislative - Regulatory Task Group will be updating the VCE Legislative Platform and discussing potential bill and budget concepts over in the upcoming weeks.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: October 13, 2022

Please find attached Keyes & Fox's September 2022 Regulatory Memorandum dated October 5, 2022, 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 October 5, 2022.

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:	October 5, 2022

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

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan process. Included within that umbrella are load serving entity (LSE) planning requirements, the establishment of a variety of state- and LSE-level forecasts, and ongoing reliability and other procurement obligations.

Recent Developments: On September 8, the ALJ issued a Ruling seeking comments on the "Reliable and Clean Power Procurement Program: Staff Options Paper" and comments on near-term actions the Commission could take to encourage immediate additional electricity procurement between now and 2026 or beyond.

Analysis: The CPUC is exploring replacing the current approach of assigning LSEs procurement requirements via individual orders with an ongoing reliability procurement obligation that would improve LSEs' ability to plan future procurement activities.

Next Steps: Comments on the staff paper are due November 7 and replies are due November 28. VCE's next IRP is due November 1.

Additional Information: ALJ Ruling (September 8, 2022); 2022 Incremental Procurement Compliance Filing (August 1, 2022); Docket No. R.20-05-003.

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: On September 29, the ALJs submitted a Proposed Decision that would approve Voluntary Allocations and modify the Market Offer process to require investor-owned utilities (IOUs) to offer 100% of their remaining PCIA-eligible short-term contracts and 35% of PCIA-eligible long-term contracts in the Market Offer. This matter may be heard no earlier than the November 3 Commission meeting.

Analysis: The proposed modifications to the Market Offer process would increase the quantity of short- and long-term resources made available to LSEs for purchase following the Voluntary Allocation process and facilitate LSEs' ability to meet unexpected procurement needs.

Next Steps: Comments on the Proposed Decision are due October 19, and reply comments are due October 24. A Proposed Decision on LSEs' draft RPS Procurement Plans is expected in Q4 2022, and final 2022 RPS Plans are due in Q1 2023.

Additional Information: Proposed Decision (September 29, 2022); Ruling identifying RPS Plan requirements (April 11, 2022); Docket No. R.18-07-003.

RA Rulemaking (2023-2024)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and introduced the Central Procurement Entity (CPE).

Recent Developments: On September 20, the ALJ issued a Ruling granting the Motion to Shorten Time for submission of responses to the Joint Motion for Clarification of Impact of Central Procurement Entity Structure on System

Resource Adequacy Obligations. On September 30, CalCCA filed an Emergency Petition requesting the CPUC modify both the RA procurement timelines and penalty waivers.

Analysis: Both motions address the PG&E CPE's failure to meet its local RA procurement obligations and the resulting uncertainty faced by LSEs regarding the amount of system RA they will be provided when the CPE's obligation is fulfilled. LSEs are now in a position to either face potential penalties or incur additional costs from over-procuring system RA.

Next Steps: Responses to CalCCA's Motion are due October 11. On October 31, VCE must file its year-ahead system and flexible RA showings.

Additional Information: Emergency Petition (September 30, 2022); Ruling on Motion to Shorten Time (September 20, 2022); Motion to Shorten Time / Joint Motion for Clarification (September 16, 2022); Amended Scoping Memo and Ruling (September 2, 2022); Docket No. R.21-10-002.

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 (BUILD Program) and the Technology and Equipment for Clean Heating (TECH Initiative). D.21-11-002 adopted guiding principles for the 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: On September 20, the Commission issued D.22-09-026 eliminating gas line extension allowances and subsidies for all customers, in all classes by July 1, 2023.

Analysis: This historic decision eliminates century-old ratepayer subsidies for new customers to connect to IOU natural gas lines. The CPUC found that the allowances perpetuated reliance on gas to supply appliances and were likely to become a stranded asset in the future. This decision applies to new applications for gas line extensions submitted on or after July 1, 2023 and will further increase rates of building electrification in VCE's service area.

Next Steps: There is no current procedural schedule for this docket.

Additional Information: D.22-09-026 (September 20, 2022); Scoping Memo (March 22, 2022); D.21-11-002 (Appendices A-E) Decision on Building Decarb Phase II (November 9, 2021); D.20-03-027 Establishing Building Decarbonization Pilot Programs (April 6, 2020); OIR (February 8, 2019); Docket No. R.19-01-011.

Transportation Electrification

Background: This rulemaking implements transportation electrification programs, tariffs, and policies and seeks to develop a comprehensive framework to guide the Commission's role in the electrification of California's transportation sector. A recent Assigned Commissioner's Ruling proposed a $1 billion statewide rebate program for behind-the-meter charging infrastructure rebates, prioritizing medium and heavy-duty vehicles and disadvantaged communities. A group of Joint CCAs are advocating for authority to design and implement transportation electrification programs utilizing ratepayer funds.

Recent Developments: On September 26, the CPUC's Energy Division issued a disposition letter approving PG&E's AL 6606-E-B regarding PG&E's Empower Electric Vehicle (EV) Charger Incentive and Education Program which provides low-to-moderate income residential customers with an up to $500 rebate for Level 2 EV chargers and low-income customers with a rebate of up to $2,000 for panel upgrades.

Analysis: The disposition letter approved PG&E's data collection, reporting and metrics, and will support increased EV adoption.

Next Steps: A Proposed Decision on the Assigned Commissioner's Ruling regarding the revised transportation electrification framework and statewide rebate program was expected for Q3 2022 but has been delayed. Following the decision, the IOUs would be required to file advice letters and issue an RFP for third-party administrators.

Additional Information: Energy Division Disposition approving PG&E's AL 6606-E-B (Sept. 26, 2022); Ruling entering Staff Proposal on Transportation Electrification Framework to record (February 25, 2022); Docket No. R.18-12-006.

Commercial EV Real-Time Pricing Pilot

Background: This proceeding approved PG&E's proposed commercial electric vehicle rate pilot featuring day-ahead hourly real-time pricing (DAHRTP-CEV). This pilot includes real-time pricing for both imports from and exports to the grid by commercial EVs. Opt-in enrollment for the real-time pricing export compensation pilot began October 1, 2023. Eligibility for participation in the export compensation pilot by unbundled customers will be determined by the customers' electricity provider, i.e. CCAs like VCE.

Recent Developments: On September 15, the ALJ issued a Proposed Decision (Attachment - Export Compensation Settlement) that would adopt an uncontested settlement establishing export compensation rules for DAHRTP-CEV customers and close the proceeding.

Analysis: The decision would increase the use of real-time pricing and encourage EV charging during times with lower electric demand. It also provides compensation for behind-the-meter PV exports for non-net metering customers with EVs.

Next Steps: The Proposed Decision is scheduled for consideration at the October 20 Commission meeting. If approved, the Proposed Decision would close the proceeding.

Additional Information: Proposed Decision (September 15, 2022); PG&E Proposal for export compensation for non-NEM customers (March 24, 2022); Corrected MGCC Study (March 17, 2022); Application & Testimony (October 23, 2020); Docket No. A.20-10-011.

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and may also modify, consolidate, or eliminate existing dynamic rate pilots. VCE is a party to this proceeding as its scope relates to the AgFIT Pilot.

Recent Developments: On September 1, the Administrative Law Judge proposed that the proceeding first address implementation of AB 205 (2022) by reforming fixed charges on an income-graduated basis. At the September 16 prehearing conference, numerous parties argued the CPUC should act more quickly to implement further dynamic rates to address urgent grid reliability issues. In a statement filed on September 27, VCE along with Central Coast Community Energy argued that the Commission should create a priority track to examine near-term load shift opportunities in the agricultural sector via dynamic rates.

Analysis: This proceeding will implement income-graduated fixed charge reform required by AB 205 and the development of principles to guide future dynamic rates and other demand flexibility measures. This proceeding may evaluate the results of VCE's AgFIT pilot and could explore expansion of the pilot to other LSE territories.

Next Steps: A scoping memo is expected in mid-October which will establish the initial scope and schedule for this proceeding.

Additional Information: OIR (July 22, 2022); Docket No. R.22-07-005.

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: On September 22, the ALJ issued a Ruling denying motions for an evidentiary hearing and entering the Energy Division staff proposal to utilize $750,000 for Demand Response research in the 2023 Bridge Year into the record for comment. Comments on the staff proposal are due October 7 and reply comments are due October 14.

Analysis: The proposed DR research funding would inform planning and policies that address the needs of the evolving California grid and support the continued development of ratepayer-funded DR programs which could become an important resource for lowering costs in VCE's future portfolio.

Next Steps: Opening briefs on the Energy Division proposal are due on October 28, reply briefs are due November 10, and a Proposed Decision on the Phase 1 Demand Response Auction Mechanism is expected in December. A Proposed Decision on Phase 1 Bridge Funding Applications is expected in October.

Additional Information: Ruling (Sept. 22, 2022); Assigned Commissioner's Scoping Memo and Ruling and Demand Response Auction Mechanism Evaluation report by Nexant (July 5, 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: On September 28, PG&E filed an Application requesting CPUC approval to transfer its non-nuclear generating assets to a new subsidiary and sell a minority equity stake in the subsidiary in order to raise capital without diluting its common stock and return to an investment-grade credit rating.

Analysis: The proposed asset spin-off has the potential to reduce electric rates passed through to VCE customers by returning PG&E to an investment-grade credit rating and lowering its cost of capital. It would also support PG&E's ability to make capital investment to improve safety and service to VCE's customers.

Next Steps: Motions to Intervene in the docket and issuance of a procedural schedule are the next steps.

Additional Information: PG&E Application (September 28, 2022); Docket No. A.22-09-018.

PCIA Rulemaking

Background: The Power Charge Indifference Adjustment (PCIA) is a nonbypassable charge levied on electric bills of customers who have departed from investor-owned utility service, such as CCA customers, for the intended purpose of compensating utilities for resources procured on behalf of former customers prior to their departure. The new Voluntary Allocation/Market Offer process was authorized in D.21-05-030. Phase 2 issues related to PCIA data access and voluntary allocations in MPB calculations were resolved in D.22-07-008. Currently, the proceeding is evaluating the calculation of the market-price benchmark charges.

Recent Developments: On September 12, the ALJ issued a Ruling requesting comments on the Staff Proposal for allocation of GHG-free resources, issues related to data access and review, and the utilities' joint proposal on modifications to the energy index for MPB calculations.

Analysis: The staff proposal explores options for expanding LSE access to and documentation of GHG-free PCIA resources. This effort could increase the documented GHG-free power content of VCE's allocated PCIA resources and provide further clarity on VCE's progress towards its internal goals.

Next Steps: Comments on the Ruling are due October 7 and reply comments are due November 18. A November workshop will address staff proposals on GHG-free resources and long-term fixed-price RPS resources. On December 1, the joint CCA proposal for PCIA data access is due.

Additional Information: Ruling Requesting Comments and Staff Proposal for Long-Term RPS Transactions (August 4, 2022); D.22-01-023 on Phase 2 (approved January 27, 2021); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. R.17-06-026.

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including the functionalization of 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 2023-2026. Phase 2 GRC proceedings determine cost allocation (i.e., assigning costs to customer classes, such as Residential) and rate design issues. On August 25, 2021, the CPUC Executive Director granted PG&E's request to delay filing its next Phase 2 GRC application until September 30, 2024.

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: There are no developments in the past month to report from this proceeding.

Analysis: The resolution of the issues covered in the Joint CCAs' direct testimony will impact how certain generation-related costs in PG&E's current and future applications will be vintaged for purposes of PCIA cost recovery. It will also impact how the costs associated with an energy storage project are functionalized.

Next Steps: In Track 1, opening briefs are due November 4, and a Proposed Decision is expected in Q2 2023. In Track 2, intervenor opening testimony is due November 14, followed by evidentiary hearings on January 23-27, 2023, and a Proposed Decision is expected in Q2 2023.

Additional Information: PG&E's Amended Application (March 10, 2022); PG&E Affordability Metrics Report (February 23, 2022); PG&E Application (June 30, 2021); 2023 Cost of Capital Docket No. A.22-04-008; Docket No. A.21-06-021.

PG&E ERRA Forecast (2023)

Background: Annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable customer charges for the upcoming year as well as fuel and purchased power costs associated with serving bundled customers that a utility may recover in rates. PG&E's 2023 ERRA Forecast Application requested a net 2023 revenue requirement of $1.952 billion, but this amount is expected to change when PG&E files its Fall Update on October 17.

Recent Developments: PG&E filed rebuttal testimony on September 28. The only major contested issue remaining in this case is PG&E's approach towards determining PCIA rates where the Indifference Amount falls below zero (portfolio value greater than costs). PG&E will file its October Update to its forecast on October 17, 2022. That update will use the 2023 Forecast Market Price Benchmarks and 2022 Final Market Price Benchmarks, published by the Energy Division on September 30, 2022.

Analysis: This proceeding will determine PG&E's rates for 2023 based on its revenue requirement forecast. While final forecast figures will not be available until October, PG&E's Application forecasted rates for CCA customers to decline 3.6% from $0.14287/kWh to $0.13779/kWh based on a $250.26 million revenue requirement reduction. Specific procurement costs that are expected to change in the Fall Update include those related to reliability under D.19-11-

016 and D.21-06-035, Central Procurement Entity (CPE) administration and procurement, Voluntary Allocation/Market Offer (VAMO) process pending Commission decisions in R.18-07-003.

Next Steps: A joint report on the need for hearings is expected to be submitted by October 6. The procedural schedule is condensed in an attempt to meet the deadline for the final 2022 Commission Meeting and allow for new rates to be effective January 1, 2023. PG&E's Update is due on October 17, and a Proposed Decision is expected November 29 in time for the matter to be heard at the December 15 Commission meeting.

Additional Information: Scoping Memo (August 4, 2022); Application (May 31, 2022); Docket No. A.22-05-029.

PG&E 2019 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 the proceeding was resolved with issuance of D.21-07-013. Phase 2 is ongoing and is addressing issues related to the 2019 Public Safety Power Shutoff (PSPS) events.

Recent Developments: There are no developments in the past month to report from this proceeding.

Analysis: Phase 2 of the proceeding is assessing whether PG&E should be required to return its revenue requirement associated with unrealized sales associated with its 2019 PSPS events, and the methodology and inputs for calculating such a disallowance. VCE's customers could benefit from such a CPUC-determined disallowance, e.g., via a bill credit or reduced PG&E charges. The Phase 2 determination will also impact the 2020 and 2021 ERRA Compliance proceedings.

Next Steps: A prehearing conference is scheduled for October 19.

Additional Information: D.22-07-009 extending statutory deadline (July 18, 2022); [April 6, 2022 Ruling]; Joint Case Management Statement (February 25, 2022); D.21-07-013 resolving Phase 1 (July 16, 2021); PG&E's Application and Testimony (February 28, 2020); Docket No. A.20-02-009.

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 events in 2020 has yet to begin.

Recent Developments: There are no developments in the past month to report from this proceeding.

Analysis: The results of Phase 2 will determine whether PG&E is allowed to recover revenue lost as a result of PSPS events in its rates, including those charged to CCA customers.

Next Steps: Phase 2 will not begin until after the Commission resolves issues related to the establishment of a common accounting methodology for Public Safety Power Shutoff events in Phase 2 of the 2019 ERRA Compliance proceeding, which is expected in Q4 of 2022.

Additional Information: D.22-08-009 extending statutory deadline (August 11, 2022); Scoping Memo and Ruling (June 21, 2021); Application (March 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: There are no developments to report from this proceeding.

Analysis: The proceeding will determine the reasonableness and appropriateness of PG&E expenditures, including some Central Procurement Entity administration costs. Some uncertainty remains regarding the treatment of Public Safety Power Shutoff (PSPS) events during the year pending the Commission's determination on the utilities' proposed common methodology for calculating unrealized volumetric sales and unrealized revenues associated with PSPS events in the Phase II 2019 ERRA Compliance proceeding.

Next Steps: Intervenor testimony is due October 31, PG&E's rebuttal testimony is due December 9, a status conference is scheduled for January 6, 2023, and, if no settlement is reached by January 11, 2023 evidentiary hearings will be held on January 17-19, 2023 followed by Opening Briefs on February 17, 2023 and a target date for a Proposed Decision of May-June 2023.

Additional Information: Assigned Commissioner's Scoping Memo and Ruling (August 9, 2022); PG&E 2021 ERRA Compliance Application (February 28, 2022); Docket No. A.22-02-015.

PG&E Regionalization Plan

Background: PG&E was directed to develop a regionalization plan in D.20-05-051 as part of its post-bankruptcy reorganization. That plan creates five regions (VCE is located in Region 2 - North Valley & Sierra), each of which includes region-focused staff from five functional areas such as maintenance and construction, planning, and customer engagement. PG&E is required by D.22-06-028 to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group.

Recent Developments: On September 22, PG&E filed its required update on the status of its regionalization implementation activities in AL 6705-E / 4654-G.

Analysis: PG&E's AL 6705-E updates stakeholder on planned and undertaken regionalization activities, including 1) organizational changes being made, 2) new, increased, or decreased operations because of the Regionalization effort, 3) a timeline, and 4) impacts on improving utility safety.

Next Steps: PG&E's next Regionalization Stakeholder Group meeting is scheduled for October 20.

PG&E is required to submit a report on its quarterly townhall meetings in each region within 45 days following the end of each quarter, or by November 14.

Additional Information: PG&E AL 6705-E / 4654-G (September 22, 2022); PG&E Presentation to Regionalization Stakeholder Group (August 25, 2022); D.22-06-028 on Regionalization (June 24, 2022); PG&E Updated Regionalization Proposal (February 26, 2021); Application (June 30, 2020); A.20-06-011.

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. Additionally, an independent third-party evaluator will also conduct safety culture assessments every five years as required by SB 901. Currently, this proceeding is focused on developing the rules, policies, and procedures for these safety culture assessments.

Recent Developments: On September 13, the ALJ issued a Ruling seeking comments on policy questions related to the development of safety culture assessments and distributing the Safety Culture Concept Paper 2 and Guiding Principles Proposal from the Safety Policy Division. Opening comments were due October 4.

On September 16, the Commission issued Draft Resolution SPD-3 Adopting Performance Metrics and Retaining Existing Requirements for the 2023 Wildfire Mitigation Plans of Electrical Corporations. If approved by the Commission, the resolution will adopt the proposals of the CPUC's Office of Energy Infrastructure Safety for performance metrics and requirements for the 2023 Wildfire Mitigation Plans of electrical corporations if approved at the October 20 Commission meeting.

Analysis: Development of the guidelines and performance metrics proposed in the Draft Resolution will provide a framework for safety assessments and evaluation. It could impact VCE and its customers to the extent it succeeds or fails to influence PG&E's safety culture and hence the safety of VCE customers. The Draft Resolution could also impact the rates VCE customers pay to PG&E to mitigate or address safety issues (e.g., wildfires caused by PG&E transmission equipment, explosions from PG&E natural gas infrastructure, etc.).

Next Steps: Reply comments on the September 13 Ruling are due October 18th. Comments on the Draft Resolution are due October 6. The Commission is scheduled to vote on the Draft Resolution at its October 20 meeting.

Additional Information: Draft Resolution SPD-3 (September 16, 2022); ALJ Ruling (September 13, 2022); Scoping Ruling with procedural schedule (April 28, 2022); Order Instituting Rulemaking (October 7, 2021); Docket No. R.21-10-001.

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 (e.g., PG&E is currently the POLR 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 outstanding issues not resolved in Phase 1 or 2.

Recent Developments: No updates.

Analysis: PG&E's AL 6589-E-B describes the method and the inputs for determining the Financial Security Requirement (FSR) to be contributed by each CCA to cover the costs between the time a CCA's customers transition to POLR service and when the POLR begins receiving revenue. The resource adequacy portion of each CCA's FSR amount is determined in part by the trailing six months' average of the CCA's peak load. While the costs of meeting the FSR are unavoidable, the amount of the FSR can be influenced by efforts to reduce monthly peak load.

Next Steps: A staff proposal on FSR requirements was expected in August but is delayed.
Additional Information: PG&E AL 6589-E-B and Disposition Letter (July 7, 2022); POLR webpage with workshop presentations and videos; Scoping Memo and Ruling (September 16, 2021); Order Instituting Rulemaking (March 25, 2021); Docket No. R.21-03-011.

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 updates this month.
Analysis: The CPUC is evaluating details of the Microgrid Incentive Program design that will determine what information is considered in evaluating microgrid opportunities and how the incentives will be allocated.
Next Steps: In Track 4, a late October 2022 ALJ Ruling providing an Energy Division Staff Proposal for a Microgrid Multi-Property Tariff is expected. In Track 5, a staff proposal on Definitions, Metrics, Tools, and Methods and Informing Grid Planning is expected in late 2022. An ALJ Ruling establishing 2023 scheduling & activities is expected in Q1 2023.
Additional Information: ALJ Ruling Requesting Comments on attached Staff Proposal for Microgrid Incentive Program (July 6, 2022); Scoping Memo (December 17, 2021); Docket No. R.19-09-009.

Other Dockets

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

Docket	Name	Status
R.21-03-001	Wildfire Fund NBC (2022-2023) Rulemaking	The updated 2023 Wildfire NBC of $5.37/MWh ($0.00537/kWh) is scheduled to take effect as of January 1, 2023. The 2023 Wildfire NBC is $1.15/MWh, or 17.6%, less than the current 2022 Wildfire NBC of $6.52/MWh. This reduction is mostly due to the fund having completed recovery of all prior period under-collections. The Wildfire NBC is set at a level sufficient to fund an annual $902.4 million revenue requirement.
I.15-08-019	Investigation into PG&E Organization, Culture and Governance	D.21-11-010 extended the statutory deadline until November 8, 2022 to allow for continued monitoring of PG&E's ongoing safety performance and to provide the Commission time to establish next steps for the proceeding.
R.20-11-003	Ensuring Summer 2021 Reliability	D.22-06-005 closed the proceeding.
A.19-11-019	PG&E 2020 Phase 2 GRC	D.22-08-002 closed the docket; all current activity is now covered under the Commercial EV Real-Time Pricing docket. PG&E AL 6690-E electric home tariffs
A.21-06-001	PG&E 2020 ERRA Forecast	D.22-02-002 closed the proceeding.
R.19-03-009	Direct Access Rulemaking	D.21-06-033 closed the proceeding, but a Petition for Rehearing (July 29, 2021) remains outstanding.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee September 22, 2022 Meeting Summary
DATE:	October 13, 2022

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, September 22, 2022.

A. **Received 2022 Update of VCE's Integrated Resource Plan (IRP).** Staff provided a highlights of the draft 2022 update of VCE's IRP which is to be filed by November 1, 2022. VCE's IRP consultants from EQ Research (Keyes & Fox) and First Principles Advisory were present to answer questions. Staff sought input from the CAC on the draft updates prior to it being presented to the Board at their October 13, 2022 meeting for approval. Numerous questions and comments were provided on: local based energy supply, economies of scale, modeling used, bias of utility scale generation, transmission and distribution loss, VCE's portfolio, incremental impacts on the load, resource adequacy (RA) capacity, impacts of VCE's carbon neutral study on emissions, and demand response. Staff will incorporate the CAC's feedback into the staff report to the Board.

B. **Introduction of Rate Adjustment System Concept and provided input.** Staff provided an introduction and review of a Rate Adjustment System (RAS) concept. Questions were asked about how often the system would be used, thresholds, adjustment time, relationship of this concept on pricing, and budget effects. The RAS concept was favorably received by the CAC.

C. **Received progress update on VCE's 3-Year Programs Plan and 2023 program concepts.** Staff provided an update on the numerous programs that are currently in effect and reviewed possible 2023 programs. The CAC would like to see the funding opportunities of the Inflation Reduction Act (IRA) incorporated into the 2023 programs concepts.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care & Marketing

SUBJECT: Quarterly Customer Participation Update (Information)

DATE: October 13, 2022

RECOMMENDATION

Receive and review the attached quarterly Customer Participation update reflecting the time period through September 30, 2022.

Item 10 - Customer Participation Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,770	20,207	2,469	10,596	61,042	53,186	5,949	7	1,900	11,498	49,544
Eligible customers	29,117	23,417	2,852	12,211	67,597	58,800	6,626	7	2,164	12,832	54,765
Participation Rate	95%	86%	87%	87%	90%	90%	90%	100%	88%	90%	90%

% of Load Opted Out

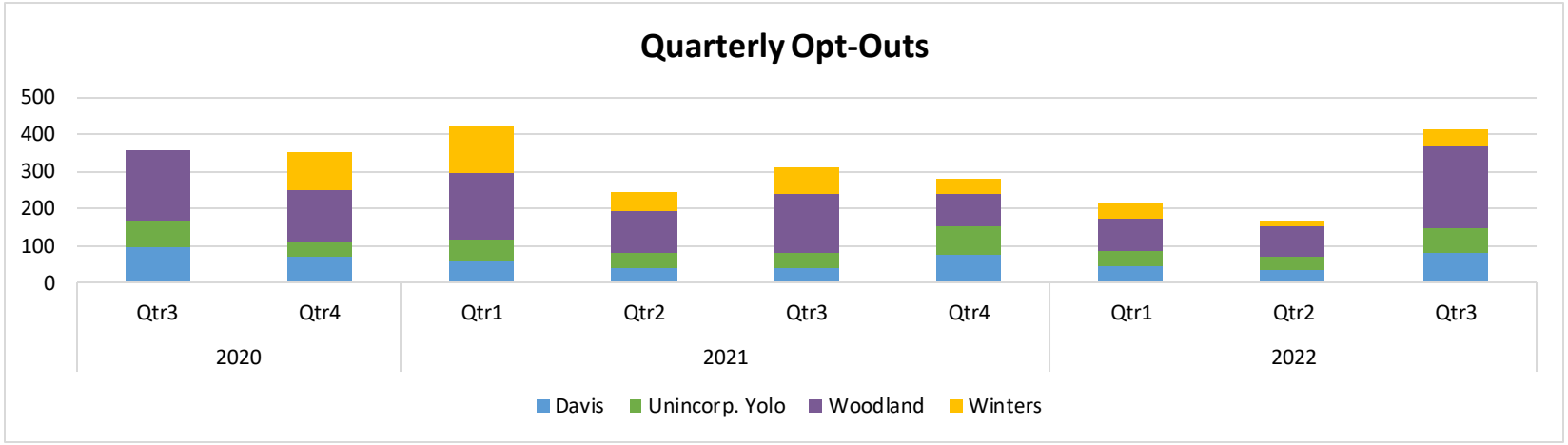
Davis	Woodland	Winters	Yolo Co	Total
5%	14%	13%	13%	10%

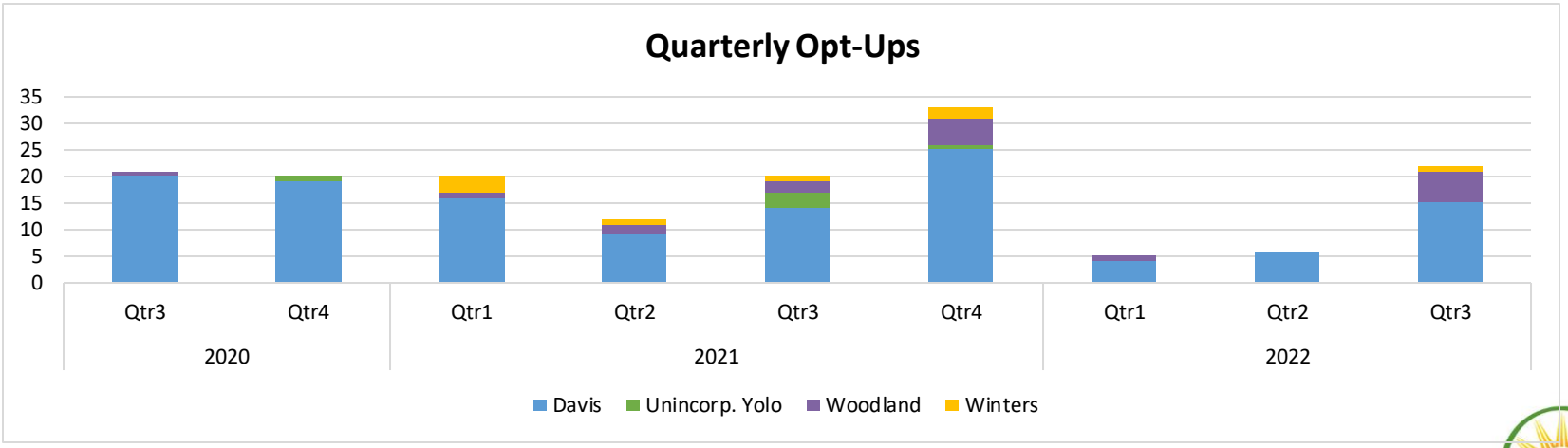
Residential	Commercial	Industrial	Ag	Total
10%	10%	0%	12%	10%

VALLEY CLEAN ENERGY

Status Date: 10/05/22

Item 10 - Customer Participation Update

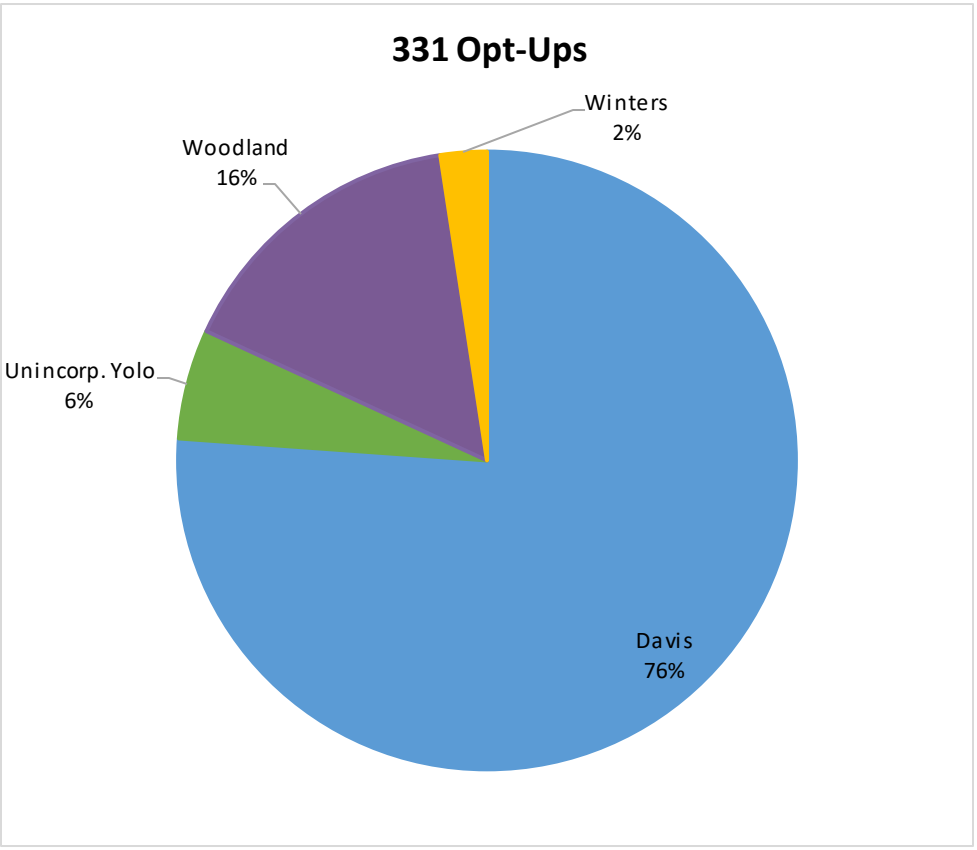


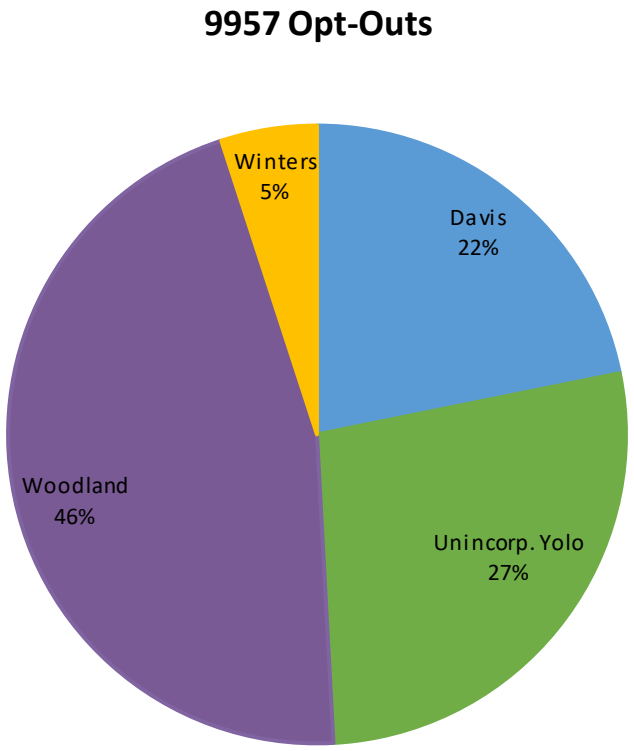


VALLEY CLEAN ENERGY

Status Date: 10/05/22

Item 10 - Customer Participation Update





These pie charts are based on total opt-ups and opt-outs since launch. The percentages in the charts are the percentages of those opt-ups and opt-outs by TOT.

VALLEY CLEAN ENERGY

Status Date: 10/05/22

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 11

TO: Valley Clean Energy Board of Directors

FROM: Mitch Sears, Executive Officer
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: SACOG Electric Vehicle Charging Infrastructure Grant - Electrify Yolo Update

DATE: October 13, 2022

REQUESTED ACTION
Informational item. The purpose of this report is to give an update on the status of the Electrify Yolo (SACOG grant) project.

BACKGROUND
In December 2018, the Sacramento Area Council of Governments (SACOG) authorized the award of a Green Region grant in the amount of $2,912,000, representing the regional "Electrify Yolo" project, with the purpose of installing publicly accessible electric vehicle (EV) charging stations. The City of Davis distributed funds to each entity once the Memoranda of Understanding (MOUs) were approved by each jurisdiction. All projects are to be finished by December 31, 2023.

UPDATE
As shown in the attached progress reports each jurisdiction is making progress toward meeting its obligations under the grant. All MOUs were signed (Davis, VCE/Winters, Woodland, unincorporated Yolo County) as of April 2021, and some EV charger installation projects have begun, and some are finished. Staff does note that EV charger installations have been subject to some delays including impacts from the COVID-19 pandemic and staffing shortages, as well as materials prices rising more than anticipated.

VCE Staff is working with each jurisdiction to design banners to be hung at each charging station with logos of all project partners, as well as permanent aluminum signs. Temporary banners will inform members of the public that there will be EV chargers coming soon in that location and aim to increase the public's brand association with VCE and electric vehicles. Complete and operational, the Community Center charging stations in Winters have a permanent aluminum sign acknowledging the grant partners.

ATTACHMENTS:
1. **VCE SACOG Progress Report Winters - September 2022**
2. **VCE SACOG Progress Report Yolo - September 2022**
3. **VCE SACOG Progress Report Woodland – September 2022**
4. **VCE SACOG Progress Report Davis – no update**

VALLEY CLEAN ENERGY

SACOG GRANT

PROGRESS REPORT – CITY OF WINTERS

1. Project Summary - Install car charging stations at Community Center and City parking lot.
2. Project Manager – Eric Lucero
3. Site (s) Description – Winter Community Center and city parking lot at First and Abbey.
4. Site information (Maps, Pictures, Etc.) Attached
5. Description of any material planned changes to the Project. - None
6. Table schedule showing progress on achieving each of the Milestones. – See below
7. Summary of activities during the previous calendar quarter or month. - No activities this quarter
8. Forecast of activities scheduled for the current calendar quarter. – Complete project this quarter
9. Written descriptions about the progress relative to Milestones, including whether the milestone has been met or is on target to meet the Milestones
10. List of issues that are reasonably likely to affect Milestones. – PG&E Rule 20A utility project
11. A status report of activities, including a forecast of ongoing activities, information on project performance, and projections for the next twelve (12) months. Attached
12. Progress and schedule of all material agreements, contracts, permits, approvals, technical studies, financing agreements, and purchase orders showing the start dates, completion dates, and completion percentages. Attached
13. Pictures, in sufficient quantity and of appropriate detail, document the Project's progress. Attached
14. Workforce Development or Supplier Diversity Reporting (if applicable)
15. Any other documentation to be included for Board Update

Dashboard

Site Selection	Contract Award	Permits	Installation	Testing	Go Live
Completed	Completed	Completed	In Progress	50%	50%

DASHBOARD KEY

Completed	IN PROGRESS	DELAYED	ON HOLD

TABLE 1

Milestone Description	Status	% Completion	Estimated Completion Date	Notes
Community Center charging stations are complete and in operation	Complete	100%	9-23-2021	Chargers have been in operation since September
First & Abbey Street charging	In Process	15%	10-31-2022	Chargers and materials have

stations are on hold waiting for PG&E Rule 20A project to underground power. Power has been established, contractor is submitting application to PG&E.				been purchased. Only delay would be from PG&E or lead time on materials.

VALLEY CLEAN ENERGY

SACOG GRANT

YOLO COUNTY PROGRESS REPORT SEPT. 2022

1. Project Summary
   Install EV charging stations throughout Yolo County that are accessible to the pubic
2. Project Manager
   Mike Martinez, Projects Division Manager, County of Yolo General Services Department
3. Site (s) Description
   Various County owned properties in the cities of Woodland, Davis, and Winters
   Site 1: 137 N Cottonwood St, Woodland, California 95695 Bauer Building 2-Dual Charging Stations
   Site 2: 25 N. Cottonwood Street Woodland, CA 95695 Gonzalez Building 2-Dual Charging Stations
   Site 3: 315 E 14th St, Davis, CA 95616 Mary L. Stephens Davis Branch Library 1-Dual Charging Station
   Site 4: 600 A St, Davis. CA 95616 – 1-Dual charging Station
4. Site information (Maps, Pictures, Etc.) Attached EV Project Location Map.PDF
5. Description of any material planned changes to the Project.
6. Table schedule showing progress on achieving each of the Milestones
7. Summary of activities during the previous calendar quarter or month.
   Permitting complete for Site 1 and 2 (referenced above). Construction and installation scheduled for Late October early November 2022.
   Initial design for Site 3 is complete. The site needs approval from Davis Joint Unified School District Board. Approval expected late October 2022.
   Design and Proposal for Site 4 has been received from Contractor.
8. Forecast of activities scheduled for the current calendar quarter
   Construction and installation of Sites 1 and 2. Permitting and final design for sites 3 and 4
9. Written descriptions about the progress relative to Milestones, including whether the milestone has been met or is on target to meet the Milestones
10. List of issues that are reasonably likely to affect Milestones
    Design and permitting issues may cause delays
11. A status report of activities, including a forecast of ongoing activities, information on project performance, and projections for the next twelve (12) months.
12. Progress and schedule of all material agreements, contracts, permits, approvals, technical studies, financing agreements, and purchase orders showing the start dates, completion dates, and completion percentages.
13. Pictures, in sufficient quantity and of appropriate detail, document the Project's progress.
14. Workforce Development or Supplier Diversity Reporting (if applicable)
15. Any other documentation to be included for Board Update

VALLEY CLEAN ENERGY

SACOG GRANT

YOLO COUNTY PROGRESS REPORT SEPT. 2022

Dashboard

Site Selection	Contract Award	Permits	Installation	Testing	Go Live
Completed	Completed – for 3 sites	IN PROGRESS			

DASHBOARD KEY

Completed	IN PROGRESS	DELAYED	ON HOLD

TABLE 1

Milestone Description	Status	% Completion	Estimated Completion Date	Notes

VALLEY CLEAN ENERGY

SACOG GRANT

SEPTEMBER 2022 PROGRESS REPORT FOR CITY OF WOODLAND

1. Project Summary
   The City of Woodland was apportioned $150,000 to install at minimum two Level 2 EV charging stations in Woodland that are accessible to the public.

2. Project Manager
   Rosie Ledesma, Environmental Resource Analyst, Community Development Department

3. Site (s) Description
   City of Woodland public parking lot near 430-434 College St, Woodland CA 95695.

4. Site information (Maps, Pictures, Etc.)
   April: See site map attached.
   June: See updated site map.

5. Description of any material planned changes to the Project.
   N/A

6. Table schedule showing progress on achieving each of the Milestones
   See Table 1 below.

7. Summary of activities during the previous calendar quarter or month.
   April: Scoped areas within the City for potential station installation. Explored feasibility of installation by Public Works staff. Submitted initial request for PG&E supply upgrade to site. Received estimates for power source materials and charging stations.
   June: Received response from PG&E regarding supply upgrade and location. Finalized installation locations and updated budget. Re-appropriated funds to special energy account. Researched alternative charging stations.
   Sept: Received a demonstration from potential charging station vendor. Signed service agreement with PG&E. Ordered the switch gear.

8. Forecast of activities scheduled for the current calendar quarter
   April: Re-appropriate funding for grant funds not previously appropriated correctly. Finalize installation plan, location, and budget. Submit formal request for PG&E supply upgrade. Design engineering plan and inquire about permitting requirements. Begin ordering supplies for initial groundwork.
   June: Continue designing engineering plan and submitting permit requirements. Order supplies for initial groundwork. Potentially begin ground work and EV charging station orders via the City's Electrical Division of Public Works.
   Sept: Finalize vendor for charging stations. Work towards prepping site and ordering initial groundwork materials.

VALLEY CLEAN ENERGY

SACOG GRANT

SEPTEMBER 2022 PROGRESS REPORT FOR CITY OF WOODLAND

9. Written descriptions about the progress relative to Milestones, including whether the milestone has been met or is on target to meet the Milestones
   April: We are still in the initial planning stages of the project. Site selection and feasibility is still being reviewed, but should make progress in the next quarter.
   June: We are currently making progress on the milestones that we can control. Meeting our target for the installation and finalization will depend on PG&E's progress on the power supply upgrade.
   Sept: We believe we are still making progress on the prep work needed before the major elements are ready (i.e., PG&E, switch gear, etc.).

10. List of issues that are reasonably likely to affect Milestones
    April: Cost of materials continue to increase and may limit proposed implementation plan without potentially securing additional funding sources.
    June: We continue to see increased costs for materials. In addition, much of our work is based on PG&E's schedule for the power supply upgrade.
    Sept: Potentially PG&E's schedule, but we are optimistic.

11. A status report of activities, including a forecast of ongoing activities, information on project performance, and projections for the next twelve (12) months.
    N/A

12. Progress and schedule of all material agreements, contracts, permits, approvals, technical studies, financing agreements, and purchase orders showing the start dates, completion dates, and completion percentages.
    N/A

13. Pictures, in sufficient quantity and of appropriate detail, document the Project's progress.
    N/A

14. Workforce Development or Supplier Diversity Reporting (if applicable)
    N/A

15. Any other documentation to be included for Board Update

Dashboard

Site Selection	Contract Award	Permits	Installation	Testing	Go Live
Completed	N/A	In Progress			

VALLEY CLEAN ENERGY

SACOG GRANT

SEPTEMBER 2022 PROGRESS REPORT FOR CITY OF WOODLAND

DASHBOARD KEY

Completed	IN PROGRESS	DELAYED	ON HOLD

TABLE 1

Milestone Description	Status	% Completion	Estimated Completion Date	Notes
Site selection and feasibility	Completed	100%	August 2022	
Power supply upgrade	In progress	50%	Spring 2023	
Charging station orders	In progress	10%	Fall/Winter 2022	
Groundwork prep and installation	In progress	5%	Fall/Winter 2022	
Charging station installation		0%	Spring 2023	
Charging station payment policy		0%	Spring 2023	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

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

SUBJECT: Approval of the Auditing Services Vendor and Contract with James Marta & Company LLP.

DATE: October 13, 2022

RECOMMENDATION

Adopt a resolution:

1. Approving the agreement with James Marta & Company LLP. for independent audit services;
2. Authorizing the Executive Officer in consultation with legal counsel to finalize and execute the agreement for independent auditing services.

BACKGROUND AND ANALYSIS

VCE conducts an annual financial audit as part of its risk management procedures and to meet statutory requirements. Staff recently released a Request for Proposal (RFP) for audit services for VCE's next auditing cycle; the RFP closed on August 26, 2022.

The previous auditing cycle included the following periods:

a) Inception (January 1, 2017) through June 30, 2018;
b) Fiscal year ending June 30, 2019;
c) Fiscal year ending June 30, 2020; and,
d) Option to extend to Fiscal years ending June 30, 2021 and June 30, 2022.

The RFP was sent to Certified Public Accounting firms known to provide special district audits and additional firms from the region that were known to have experience in either electric utilities or with CCAs. There were 4 responsive firms. The 4 responsive proposers were evaluated and found qualified to move forward in the RFP process. VCE invited all firms for interviews and final consideration. Based on its review of the proposals and interviews with the firms, the review panel ultimately decided to move forward with the proposal from James Marta & Company LLP (JMC) based on its overall balance of experience with CCA's, experience/capabilities of its team, and value.

General Requirements

The proposals met VCE's general requirements set forth in the RFQ. The scope of services includes the following:

1) Perform an audit and provide a report on the general-purpose financial statements of VCEA under general accepted auditing standards.

2) The following are the expected reporting requirements resulting from the annual audit of the general-purpose financial statements of VCE:
   a) Report of Independent Auditors
   b) Report in accordance with Government Auditing Standards
   c) Discussion and presentation of the audit with VCEA Board of Directors
   d) Management Letter (if necessary)

3) The audit report needs to be issued as per current and/or future bank covenants in the River City Bank credit agreement.

Experience

The RFQ requested specific experience in auditing Community Choice Aggregation (CCA) programs, electric utilities or Joint Power Agencies (JPA), as well as auditing clients that follow generally accepted accounting principles prescribed the Governmental Accounting Standards Board.

- JMC has extensive experience in providing audit and consulting services to JPAs and other government agencies.
- JMC partners with Baker Tilly Virchow Krause, LLP on the audit of SMUD and their JPA's (Co-generation Power plants).

Staff confirmed that SMUD's accounting staff have had a good experience working with the partner and senior manager of JMC on the SMUD JPA audits. Staff confirms JMC's qualifications and experiences related to the audits of JPAs as described in their proposal.

Pricing

The pricing of the audit services was reviewed against another CCA that is similar in size to VCE and it was deemed reasonable and competitive.

RECOMMENDATION

Staff recommends the Board adopt a resolution approving the agreement with James Marta & Company LLP. for Independent Audit services for a term beginning December 31, 2022, expiring December 31, 2026, and authorize the Executive Officer in consultation with legal counsel to finalize and execute the agreement.

ATTACHMENTS

1. Agreement between VCE and James Marta & Company LLP
2. Resolution 2022-XXX

James Marta & Company LLP
Certified Public Accountants
Accounting ▪ Audit ▪ Consulting ▪ Tax

October 4, 2022

Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616

To the Board of Directors of Valley Clean Energy Alliance

We are pleased to confirm our understanding of the services we are to provide for Valley Clean Energy Alliance related to annual audits for the calendar years ending 2022, 2023, 2024 and optional extension for 2025 and 2026.

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

1. OBJECTIVE AND SCOPE OF THE AUDIT

You have requested that we audit the Financial Statement of Valley Clean Energy Alliance, and the related Statements of Revenues, Statement of Net Position, Expenditures, Changes in Net Position, and Cash Flows for the years then ended and the related notes to the financial statements, which collectively comprise Valley Clean Energy Alliance's basic financial statements and provide assistance with the preparation of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental

Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

We are not aware of any supplementary information other than RSI that will accompany Valley Clean Energy Alliance's basic financial statements.

2. THE RESPONSIBILITIES OF THE AUDITOR

We will conduct our audit in accordance with applicable auditing standards generally accepted in the United States of America (U.S. GAAS). Applicable standards include:

- The AICPA Audit Guide, Audits of State and Local Government Units, generally accepted auditing standards;
- The California State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts; and
- The United States General Accounting Office (GAO) Government Auditing Standards, Office of Management and Budget (OMB), Audits of States, Local Governments and Nonprofit Organizations.

As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Valley Clean Energy Alliance's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS, Government Auditing Standards, promulgated by the United States Comptroller General; and the Uniform Guidance (2 CFR Section 200), Audits of States, Local Government, and Nonprofit Organization.

3. CHARACTER AND LIMITATIONS OF AN AUDIT

The purpose of an audit is to express an opinion as to whether your financial statements are fairly presented, in all material respects in conformity with United States generally accepted accounting principles, and is limited to the period covered by our audit. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. In the event we must withdraw from the engagement, our fees will be limited to the fees incurred up to the point of withdrawal.

We will also issue a written report on internal control, a report to those charged with governance and a management comment letter (if applicable).

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;

- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Our audit will be conducted in accordance with generally accepted auditing standards. Those standards require that we initially assess the risk that errors, fraud, irregularities, and illegal acts may cause the financial statements to contain a material misstatement. This is necessary because we do not audit all the transactions and balances in the financial statements, only a selected portion of them, in some cases a very small portion. The costs for us to examine a large portion of them, or all of them of a certain category, or all of them in all categories, would be prohibitive. Consequently, there are risks.

In making this initial assessment, we are required to obtain an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of financial statements and to design appropriate audit procedures. Those considerations mandate your complete cooperation and honesty about your knowledge and understanding of the possibility of the existence of errors, fraud, irregularities and illegal acts. By signing this letter, you agree that you will provide this cooperation and that you will be totally honest with us.

Based on that assessment, the standards require us to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by errors, fraud, irregularities and illegal acts. Accordingly, a material misstatement may remain undetected. While we are required to exercise due care and professional skepticism, since our opinion is based on the concept of reasonable assurance, we are not an insurer and our report does not constitute a guarantee. We will inform you of all matters of fraud that come to our attention. We will also inform you of illegal acts that come to our attention, unless they are clearly inconsequential. We will inform you of any need to extend our procedures because of them and our estimate of their additional cost.

The discovery, subsequent to the date of the auditor's report, that one or more errors, frauds, irregularities, or illegal acts causing the financial statements to contain one or more material misstatements, have occurred does not necessarily mean that our audit was not conducted in accordance with generally accepted auditing standards.

An audit includes obtaining an understanding of internal control sufficient to plan the audit, but is not designed to provide assurance on internal control or to identify significant deficiencies conditions. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets, revenues and expenses by correspondence with selected individuals, legal counsel, creditors, and financial institutions.

In the event that the financial information provided is incomplete or inaccurate, then we will either complete the work at our standard rate, or delay the audit until this information is complete and accurate.

At the conclusion of our audit, we will require you to furnish us a management representation letter confirming, among others, your responsibility for your financial statements and for the design and implementation of program and controls to prevent and detect fraud. This letter is a required audit procedure prior to issuing our report. By signing this engagement letter and furnishing a management representation letter, you agree to indemnify us and hold us harmless for any liability and costs arising from knowing misrepresentations by management.

In accordance with auditing standards generally accepted in the United States of America, we will also issue a written report describing the scope of our testing over internal control over financial reporting, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

4. COMPLIANCE WITH LAWS AND REGULATIONS

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Valley Clean Energy Alliance's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

5. MANAGEMENT RESPONSIBILITIES

At the outset, it is imperative that we state the scope of your responsibilities in connection with this engagement:

a. The financial statements are the responsibility of Valley Clean Energy Alliance's management. As such, management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
b. Encompassed in that responsibility is the establishment and maintenance of effective internal control over financial reporting, the establishment and maintenance of proper accounting records, and the selection of appropriate accounting principles.
c. Management is responsible for the design and implementation of programs and controls to prevent or detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (a) management, (b) individuals who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
d. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the organization received in communications from members, regulators,

or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

e. In accordance with the terms and conditions of this agreement, Valley Clean Energy Alliance Management is responsible for:

   i. Identification of the applicable reporting framework;
   ii. Preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America; and
   iii. Design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
   iv. Having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the company that involves management, employees who have significant roles in internal control, and others where fraud could have a material impact on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the company complies with the applicable laws and regulations.
   v. Accuracy and completeness of all data, information and representations provided to us for the purposes of this engagement. Because of the importance of oral and written management representations to the effective performance of our services, Valley Clean Energy Alliance releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

f. Management is responsible to provide us with

   i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
   ii. Additional information that we may request from management for the purpose of the audit; and
   iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest

period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on your financial statements. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these activities.

6. INDEPENDENT CONTRACTOR STATUS

James Marta & Company LLP shall perform the required services as an independent contractor and not as an "officer, employee, or agent" of Valley Clean Energy Alliance. Although Valley Clean Energy Alliance reserves the right to evaluate the quality of the service provided by James Marta & Company LLP, Valley Clean Energy Alliance will not control the means or manner of James Marta & Company LLP's performance.

7. REPORTING

We will issue a written reports upon completion of our audit of Valley Clean Energy Alliance's basic financial statements. Our reports will be addressed to the Board of Directors of Valley Clean Energy Alliance. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances is may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement.

8. OTHER STIPULATIONS

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing or review.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

9. PROVISIONS OF ENGAGEMENT ADMINISTRATION, TIMING AND FEES

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin our audit in January and to complete and issue our report no later than April 15 following the year end. In order to ensure the timely completion of the audit, we expect the following

deliverables be provided to James Marta & Company by Valley Clean Energy Alliance' management according to the following schedule:

- Trial balance by February 5 following each year end.
- Items requested from management and staff for audit review by February 20 for each year.
- Draft of the financial statements, with Management Discussion and Analysis by March 30 following each year end.
- Issuance of Audit Report by April 30 following each year end.

James Marta, CPA, CGMA, ARPM is the Engagement Partner for the audit services specified in this letter. His responsibilities include supervising James Marta & Company LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

10. RECORD RETENTION

It is our policy to keep records related to this engagement for seven (7) years. However, James Marta & Company LLP does not keep any original Valley Clean Energy Alliance records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, James Marta & Company LLP shall be free to destroy our records related to this engagement.

11. INSURANCE

During the term of this Contract, James Marta & Company LLP shall maintain in force insurance coverage as follows:

a. Commercial General Liability insurance applicable to the services provided to Valley Clean Energy Alliance, with a combined single limit, or the equivalent, of not less than $2,000,000 per claim ($4,000,000 aggregate) for Bodily Injury, Personal Injury, and Property Damage, including contractual liability coverage applicable to the indemnity provided under this contract.
a. Workers' Compensation insurance: Up to 1,000,000 per claim.
b. Business Automobile Coverage insurance applicable to the operation of James Marta & Company LLP's trucks or automobiles with a combined single limit of not less than $2,000,000 per claim for Bodily Injury and Property Damage, including coverage for owned, non-owned, and hired vehicles, as applicable.
c. Professional Liability insurance: Up to $1,000,000 per claim and $2,000,000 aggregate.

Notice of Cancellation or Change. There shall be no cancellation, material change, reduction of limits without 30 days prior written notice from James Marta & Company LLP or its insurer(s) to Valley Clean Energy Alliance.

Certificates of Insurance. As evidence of the insurance coverages required by this contract, James Marta & Company LLP shall provide acceptable insurance certificates to Valley Clean Energy Alliance as soon as practicable upon written request by Valley Clean Energy Alliance. If requested, complete copies of insurance policies, shall be provided to Valley Clean Energy Alliance.

12. ASSUMPTIONS

The fees quoted are based upon several assumptions about the adequacy of the accounting records, the degree of assistance to be provided by your personnel, and current audit and accounting standards.

This fee is based upon the assumption that the closing journal entries will be made and accounting will be finalized and closed before the year end audit fieldwork. If compliance requirements change, or if Valley Clean Energy Alliance is involved in issuing an exempt offering, additional fees and an amended engagement letter may be required. Additional time and billing charges will be charged at our standard hourly rates and costs in the event of the following:

- Account reconciliations are not completed for, (example but not limited to):
  - Cash Accounts
  - Accounts Receivable and Allowance for Doubtful Accounts
  - Inventory
  - Investments
  - Prepaid Expenses
  - Capital Assets and Depreciation
  - Accounts Payable
  - Accrued Expenses
  - Unearned Revenue
  - Deposits
  - Long-Term Liabilities
  - Compensated Absences
  - Prior year equity not in agreement with prior year audit
- Accounting system or account group changes from prior year
- Allocation of expenses not completed
- Allocation of investments not completed
- Allocation of income not completed
- Changes in accounts after beginning of audit work that necessitates additional or redo of audit work.
- Changes or revision of the initial trial balance
- Addition of new activities:
  - New funding sources
  - New funds

- New debt

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our initial fee estimate assumes we will receive the aforementioned assistance from your personnel and unexpected circumstances will not be encountered. In the event that the GASB, FASB, AICPA, GAO, OMB, or the State of California issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be at our standard hourly rates for each person involved in the additional work.

In the event we are required to respond to discovery requests, subpoenas, and outside inquiries, we will first obtain your permission unless otherwise required to comply under the law. Our time and expense to comply with such requests will be charged at our standard hour rates in addition to the stated contract.

At the conclusion of our audit engagement, we will communicate to the governing board the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

13. REPORTS

We will provide you with up to 15 copies of the report. If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

The intended users of the report are the board of directors of Valley Clean Energy Alliance. You agree to be responsible to distribute the reports to those charged with governance and to the appropriate officials of the responsible party.

Reports included in this engagement include:

- Independent Auditor's Report, Financial Statements and associated notes;
- Management Letter including notification of reportable conditions (if necessary);
- Present Audit results to the Audit Committee or to the Board of Directors;
- Report on Internal Control and Compliance and Other Matters.

14. WORKING PAPERS

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

15. FEES

Our fees for the audit will be:

- $38,960 for the audit for the year ended December 31, 2022
- $40,320 for the audit for the year ended December 31, 2023
- $41,730 for the audit for the year ended December 31, 2024
- $43,190 for the audit for the year ended December 31, 2025 *
- $44,700 for the audit for the year ended December 31, 2026 *

*Optional extension

We will submit monthly progress billings for our services during the project. Invoices are payable upon presentation. Unpaid fee balances 30 days overdue will bear interest at 18 percent per annum. Payment by Credit Card is subject to a 5% processing fee.

16. INDEMNIFICATION

Pursuant to the contract with James Marta & Company LLP, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

17. TERMINATION

- Either Party may terminate this contract in whole or in part, with 30 days written notice to the other Party.
- In the event of contract termination, Valley Clean Energy Alliance agrees to pay James Marta & Company LLP the fees and expenses incurred prior to such termination.
- Valley Clean Energy Alliance may terminate this contract upon notice to James Marta & Company LLP, or at such later date as Valley Clean Energy Alliance may establish in such notice, if James Marta & Company LLP commits any material breach or default of any covenant, warranty, obligation or agreement under this contract, or fails to perform in a timely manner the services under this contract, and such breach, default, or failure is not cured within 10 business days after delivery of Valley Clean Energy Alliance's notice, or such longer period as Valley Clean Energy Alliance may specify in such notice.
- James Marta & Company LLP may terminate this contract upon 10 days' written notice to Valley Clean Energy Alliance if Valley Clean Energy Alliance fails to pay James Marta & Company LLP pursuant to the terms of this contract and Valley Clean Energy Alliance fails to cure within 30 days after receipt of James Marta & Company LLP written notice, or such longer period as James Marta & Company LLP may specify in such notice.

18. MEDIATION PROVISION

Disputes arising under this agreement (including scope, nature, and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

19. ENGAGEMENT EXECUTION

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our Engagement. Several technical accounting and auditing words and phrases have been used herein. We presume you to understand their meaning or that you will notify us otherwise so that we can furnish appropriate explanations. If you have any questions, please let us know.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. This letter will continue in effect until canceled by either party.

Respectfully,

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

20. RESPONSE

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Valley Clean Energy Alliance.

Authorized Signature: _____

Name: _____

Title: _____

Date: _____

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2022- _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING A FINANCIAL AUDITING SERVICES AGREEMENT WITH JAMES MARTA AND COMPANY LLP AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE AGREEMENT

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

WHEREAS, VCE solicited competitive bids for qualified independent certified public accountants to provide auditing services; and,

WHEREAS, VCE received four proposals that staff reviewed and evaluated the qualifications, experience and pricing of the firm; and,

WHEREAS, VCE has selected James Marta & Company, LLC to audit the general-purpose financial statements, issue the Report of Independent Auditors, prepare other associated reports, and provide other audit services as requested.

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

1. James Marta & Company, LLC is hereby approved as the Independent Auditor for VCE as specified in the agreement between James Marta & Company, LLC and VCE.

2. The Board of Directors hereby authorizes the Executive Officer, in consultation with legal counsel, to finalize and execute the agreement between James Marta & Company, LLC and VCE.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2022, BY the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jesse Loren, VCE Chair

_____
Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Gordon Samuel, Assistant General Manager & Director of Power Services

SUBJECT: VCE's 2022 Integrated Resource Plan

DATE: October 13, 2022

RECOMMENDATION

Staff recommends that the Board adopt a resolution establishing the following:

- Approving the Integrated Resource Plan (IRP) in substantially the form attached and selects the "25MMT Portfolio" as Valley Clean Energy's (VCE's) preferred conforming resource portfolio and the Action Plan identified therein, for submission to the California Public Utilities Commission (CPUC).
- Authorizing staff to make any non-substantial changes necessary to finalize the IRP as well as supplemental documents and work products to be submitted to the CPUC by November 1, 2022.

BACKGROUND

VCE is required by the CPUC to prepare an IRP for the supply of energy in the period from 2023 to 2035. IRP filings are the vehicle by which the CPUC and stakeholders gain insight into individual Load Serving Entities (LSEs), plans for meeting state goals and how LSEs show compliance with their requirements under PUC 454.52(a)(1). This IRP study is designed to provide VCE, its Board, management, and community with a resource plan and portfolio that meets VCE's needs for renewable energy content, minimal greenhouse gas (GHG) emissions, resource diversity and cost-effectiveness as well as to demonstrate compliance with all regulatory and statutory requirements. VCE's IRP was prepared based on internal policy objectives and planning targets established by the Board, and review with its Community Advisory Committee (CAC) and input from the public. The IRP is due to the CPUC on November 1, 2022.

VCE submitted IRPs in 2018 and in 2020. VCE's portfolio has evolved, at the time of the 2020 filing VCE had two long term power purchase agreements (PPAs), Indian Valley and Aquamarine, now VCE has a dozen long term PPAs. VCE's prior IRPs forecasted resources to the current IRP where a large portion of the portfolio is known. The existing agreements have laid the foundation for this IRP and the ability for VCE to meet and exceed the Board renewable goals and the regulatory mandates.

OBJECTIVES

The IRP assists the Commission in its efforts to identify cost-effective planned resources that support system reliability and statewide policy goals. The methodology taken by VCE for this IRP exercise is designed to achieve the following milestones:

- Satisfy the regulatory requirements of PUC Code Section 454.51(a)(1).
- Satisfy all Commission specifications for conforming portfolios.
- Demonstrate how the Preferred Conforming Portfolio (PCP) achieves VCE's 30 MMT and 25 MMT 2030 and 2035 GHG Benchmarks.
- Demonstrate continuous progress towards meeting or exceeding the state's renewables portfolio standard ("RPS") targets.
- Show how VCE's PCP contributes to overall system reliability and resource adequacy ("RA").

For this IRP cycle, VCE contracted with First Principles Advisory (VCE Board approved this agreement in July) to perform portfolio modeling. First Principles Advisory utilized a suite of modeling tools when developing the PCP to account for all the key modeling tasks included in a comprehensive planning exercise. For capacity expansion modeling and local portfolio optimization, Blue Marble Analytics' GridPath modeling software was used and for production cost modeling of the CAISO system and broader WECC region, Energy Exemplar's Plexos modeling program was utilized. By working within a framework that incorporated capacity expansion modeling, local portfolio optimization, and production cost modeling - three core pillars of IRP-related modeling - VCE conducted a robust planning exercise to provide a roadmap for future procurement decisions and an improved understanding of the impacts resulting from uncertainty in future market and grid conditions.

PREFERRED CONFORMING PORTFOLIO

The PCP was developed using a modeling framework that began with capacity expansion modeling, followed by production cost modeling, and concluded with local portfolio optimization. The modeling results utilized default inputs provided by the Commission in all aspects except for forward resource adequacy prices which were based on VCE's internal proprietary forecast. The resulting portfolio solution is optimized as the least-cost portfolio that satisfies both the range of Commission-required constraints, or objectives, and VCE's own internal renewable energy and GHG emission reduction goals.

VCE's PCP exceeds the state RPS mandate by more than 50% and by 2035 is nearly entirely GHG emission-free, as shown in Table 1. The portfolio's GHG emissions are 10% or more below the most stringent target in the 25 MMT Benchmark scenario, as shown in Table 2.

Table 1 - Summary of Load and Generation Results (25 MMT)

	2030	2035
Retail Electric Demand (GWh)	786	847
Wholesale Energy Demand (accounting for losses) - GWh	849	914
Net System Power (GWh)	134	123
RPS-Eligible (Renewable) % of Retail Sales	91%	97%
GHG-free % of Retail Sales	93%	98%

Table 2 - GHG Emissions of Preferred Conforming Portfolio vs. 25 MMT Target

	Units	Benchmark	VCE Emissions
2030 GHG Emissions	metric tons	85,000	75,000
2035 GHG Emissions	metric tons	70,000	63,000

The overall results of VCE's PCP for its 2022 IRP, including resources currently under contract and planned resources, are shown in Table 3. The majority of capacity currently under contract by VCE is solar or solar coupled with batteries. The resource diversification provided by the addition of new wind resources and additional stand-alone battery storage more closely aligns the timing of generation and supply availability with the timing of customer demand.

Table 3 - Summary of Preferred Conforming Portfolio Resources (cumulative MW Nameplate Capacity)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BTM Solar	62	66	71	77	83	90	96	103	109	116	122	128	134
CAM/CPE Capacity[1]	30.3	26.2	18.2	12.4	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
RA-only Resources (planned)		28.9	39.9	41.5	57.1	69.7	75.9	26.7	44.2	59.7	70.9	93.6	79.6
Contracted Operating Resources (as of August 2022)													
Solar PV	50	50	50	50	50	50	50	50	50	50	50	50	50
Small Hydro	2.9	2.9	2.9										
Demand Response[2]	7	7	7	7	7	7	7	7	7				
4-Hour BESS	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5			
Contracted In-Development Resources (as of August 2022)													
Solar PV+Storage	165	185	185	185	185	185	185	185	185	185	185	185	185
8-Hour BESS			2.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Geothermal		5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Planned Resources													
New 4-Hour BESS		20	20	20	20	20	20	20	20	20	20		
New 6-Hour BESS								53	53	53	53	53	53
New 8-Hour BESS													17
New Onshore Wind				20	20	20	20	39	39	39	39	39	39
New Offshore Wind								9	9	9	9	9	35

Notes:
1. Year-ahead 2023 volumes for CAM and CAM DR RA; and 2024 and 2025 volumes for CAM CPE are assumed to remain constant throughout the 2023-2035 period.
2. This row is an RA-only contract.

Additionally, VCE's PCP exceeds these state goals and fulfills the Commission's requirements at an average cost of less than $60/MWh through the planning horizon which will ensure it is able to continue to provide its customers with affordable clean electricity for the foreseeable future.

ACTION PLAN

As part of its action plan and its continuous operations, VCE will monitor closely the progress of construction and key milestones for its contracted new capacity that will come online between 2022 and 2026.

VCE's PCP consists of a combination of solar PV, wind, hydro, demand response, geothermal, and battery storage. As shown in Table 3 above, the next resources that VCE will procure include stand-alone batteries as well as wind resources. VCE plans to engage the market for new capacity in the 2023-2024 period and will likely re-engage the market later this decade to procure additional resources. VCE will participate in joint solicitations such as the CC Power solicitation through which it recently secured geothermal capacity to the extent possible and when advantageous, but it will also pursue direct contracting with projects as opportunities become available.

The timing, scope, and scale of future procurement activity will depend on the successful completion of VCE's in-development projects, its electric demand growth over the next few years, and changes in the regulatory environment.

FILING

The IP filing due to the CPUC by November 1, 2022 will consist of the following:

- **Narrative Template**: describe how a LSE approaches the process of developing its plan, present the result of analytical work, demonstrate to the CPUC and the stakeholders the LSE's action plan, and identify areas where the LSE is seeking Commission action to support their plan/procurement.
- **Resource Data Template (RDT)**: collect LSE contracting data for existing, in-development and planned resources, including for future resources which do not exist yet. Provides a snapshot of the LSE energy and capacity forecast positions across the planning horizon.
- **Clean System Power Calculator (CSP)**: estimate the GHG and criteria pollutant emissions of LSE portfolios and verify that LSE portfolios achieve assigned GHG and reliability planning benchmarks.

COMMUNITY ADVISORY COMMITTEE REVIEW

Staff presented the draft IRP results and recommendations to the CAC on September 22, 2022. Advisory committee members did not provide any information that would impact the resource selection for VCE's preferred or conforming resource portfolio, but some members did indicate a preference for locally sited resources. Staff believes that battery storage resources are likely the best resource type to be sited locally, given their smaller physical footprint as compared to other types of resources.

Attachments

1. Draft 2022 IRP
2. Resolution

Standard LSE Plan

Valley Clean Energy Alliance

2022 INTEGRATED RESOURCE PLAN

November 1, 2022

Table of Contents

I. Executive Summary

Valley Clean Energy Alliance ("VCE") is a not-for-profit locally run Community Choice Aggregator electricity provider serving customers in the cities of Woodland, Winters, and Davis, and unincorporated Yolo County. VCE's vision as an organization and as adopted by its Board in 2017 is shown in Figure 1. VCE began serving electric load in 2018, and substantially increased its portfolio of contracted resources during 2021 and 2022.

Figure 1 - VCE's Long-Term Vision

The long-term 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.

The portfolio of resources with which VCE has existing contracts includes 257.6 MW of generation and storage, of which 98.9% are under contracts of 10 years or more in length. 59.5 MW (23.4%) of these resources are currently operating, and the remaining 195.7 MW (76.6%) are in various stages of development.

VCE's 2022 Integrated Resource Plan ("IRP") is guided by its Board of Directors-established policy to provide its customers with 80% renewable energy by 2030 and its internal planning assumption of a 100% renewable energy target by 2035.

Development Process

For its 2022 IRP, VCE evaluated the Commission's requirements considering its own internal policies and planning targets and elected to submit a single Preferred Conforming Portfolio ("PCP") that reduces VCE's proportional amount of GHG emissions to levels lower than the GHG targets in the most stringent 2035 25 MMT Benchmark scenario.

The PCP was developed using a modeling framework that began with capacity expansion modeling, followed by production cost modeling, and concluded with local portfolio optimization. The modeling results used default inputs provided by the Commission in all aspects except for forward Resource Adequacy ("RA") prices which were based on VCE's internal proprietary forecast. The resulting portfolio solution is optimized as the least-cost portfolio that satisfies both the range of Commission-required constraints, or objectives, and VCE's own internal renewable energy and GHG emission reduction goals.

The portfolio was refined following review and evaluation by VCE staff of results and metrics from the RDT and CSP. The resulting PCP was then presented to VCE's Community Advisory Committee ("CAC") for review and comment in late September 2022 and presented to the Board of Directors for approval at the October 2022 meeting.

Summary of Findings & Narrative Sections

VCE's current portfolio of contracted resources is 91.2% solar (including standalone PV, hybrid, and co-located solar) with geothermal, small hydro, demand response, and battery storage resources making up the remainder. The PCP includes planned contracts for the addition of 164 MW of new resources, including 74 MW of new wind (including offshore wind) and 90 MW of new battery storage during the planning horizon. The resource diversification provided by the addition of new wind resources coupled with additional battery storage is intended to align the timing of generation and supply availability with the timing of customer demand.

Table 1 - Summary of Load and Generation Results (25 MMT)

	2030	2035
Retail Electric Demand	786	847
Wholesale Energy Demand (accounting for losses)	849	914
Net System Power	132	120
RPS-Eligible (Renewable) % of Retail Sales	92%	97%
GHG-free % of Retail Sales	93%	98%

VCE's PCP exceeds the state Renewables Portfolio Standard ("RPS") mandate by more than 50% and by 2035 is nearly entirely GHG emission-free, as shown in Table 1. The portfolio's GHG emissions are 10% or more below the most stringent target in the 25 MMT Benchmark scenario, as shown in Table 2. Except for the 2.9 MW small hydro resource contract, all of VCE's resource contracts are for a term of 10 or more years.

Table 2 - GHG Emissions of Preferred Conforming Portfolio vs. 25 MMT Target

	Units	Benchmark	VCE Emissions
2030 GHG Emissions	metric tons	85,000	74,000
2035 GHG Emissions	metric tons	70,000	62,000

VCE also engages its customers with information and opportunities for electric vehicle adoption, building electrification, demand response, net metering, and is even piloting dynamic rates for its agricultural customers through its AgFIT program. The PCP minimizes air pollutants from electricity generation, achieving reductions between 2030 and 2035 of 20.0%, 20.8%, and 36% for PM2.5, SO_2, and NOx, respectively. Further, the added generation diversity from new wind resources and 90 MW of new battery storage in its PCP reduces VCE's use of emission-intensive system power which not only contributes to the State's overall environmental objectives but also helps reduce power system impacts on disadvantaged communities statewide.

VCE has resources under contract or operating to meet its reliability obligations for both D.19-11-016 and D.21-06-035 as well as its zero-emitting Diablo replacement, long-duration storage, and zero-emitting 80% capacity factors resource obligations.

Additionally, VCE's PCP exceeds these state goals and fulfills the Commission's requirements at an average cost of less than $60/MWh through the planning horizon which will ensure it is able to continue to provide its customers with affordable clean electricity for the foreseeable future.

VCE's action plan, first and foremost, is to closely monitor the progress of construction and key milestones for its contracted new capacity that will come online between 2022 and 2026. To meet its most immediate procurement need, VCE will explore opportunities and engage the market in 2023 for new storage capacity to come online by 2025. Also, during 2023, VCE will engage the market to explore options for procurement of new wind capacity to come online by 2026. The majority of VCE's future procurement needs do not occur until 2030. VCE considers it is simply not timely at present to engage in focused procurement efforts for resource needs that far into the future.

The overall results of VCE's PCP for its 2022 IRP, including resources currently under contract and planned resources, are shown in Table 3.

Table 3 – Summary of Preferred Conforming Portfolio Resources (cumulative MW Nameplate Capacity)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BTM Solar	62	66	71	77	83	90	96	103	109	116	122	128	134
CAM/CPE Capacity[1]	30.3	26.2	18.2	12.4	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
RA-only Resources (planned)		28.9	39.9	41.5	57.1	69.7	75.9	26.7	44.2	59.7	70.9	93.6	79.6
Contracted Operating Resources (as of August 2022)													
Solar PV	50	50	50	50	50	50	50	50	50	50	50	50	50
Small Hydro	2.9	2.9	2.9										
Demand Response[2]	7	7	7	7	7	7	7	7	7				
4-Hour BESS	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5			
Contracted In-Development Resources (as of August 2022)													
Solar PV+Storage	165	185	185	185	185	185	185	185	185	185	185	185	185
8-Hour BESS			2.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Geothermal		5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Planned Resources													
New 4-Hour BESS		20	20	20	20	20	20	20	20	20	20		
New 6-Hour BESS								53	53	53	53	53	53
New 8-Hour BESS													17
New Onshore Wind				20	20	20	20	39	39	39	39	39	39
New Offshore Wind								9	9	9	9	9	35

Notes:
1. Year-ahead 2023 volumes for CAM and CAM DR RA; and 2024 and 2025 volumes for CAM CPE are assumed to remain constant throughout the 2023-2035 period.
2. This row is an RA-only contract.

II. Study Design

This IRP study was designed to provide VCE, its Board, management, and community with a resource plan and portfolio that meets VCE's needs for renewable energy content, minimal GHG emissions, resource diversity and cost-effectiveness as well as to demonstrate compliance with all regulatory and statutory requirements. VCE's IRP was prepared based on internal policy objectives and planning targets established by the Board, and with review and approval of its CAC and input from the public.

VCE used the energy and peak demand load forecasts, and behind-the-meter photovoltaic ("BTM PV") values approved in the ALJ Ruling on June 15, 2022 as the basis for its IRP modeling. For hourly load shapes, VCE employed the default 2021 Integrated Energy Policy Report ("IEPR") "mid Baseline mid AAEE" hourly forecast for the CAISO system average.

To satisfy its own internal policies and planning objectives, VCE's portfolio results in GHG emissions less than its proportional share of both the 2030 30 MMT target and the 2035 25 MMT target and is submitting one PCP as part of its individual IRP filing. VCE's PCP is consistent with the Commission-adopted Preferred System Plan ("PSP") criteria by:

- Achieving GHG emissions below its proportional share of both 2035 GHG Benchmarks;
- Using its individual Commission-assigned load forecast;
- Using inputs and assumptions consistent with those used to develop the PSP as updated by IRP staff on June 15, 2022, including default capital cost and financing assumptions; and
- Completing all three filing items (Resource Data Template ("RDT"), Clean System Power calculator ('CSP"), and Narrative template) in accordance with the completeness definition.

Table 4 below shows VCE's retail load forecast for the 2023-2035 period as well as the expected wholesale peak load for September.

Table 4 - VCE Electric Demand and Peak Load (2023-2035)

Year	Energy Demand (GWh)	September Peak Demand (MW)
2023	727	207
2024	718	206
2025	729	210
2026	741	214
2027	752	219
2028	765	224
2029	774	227
2030	786	231
2031	799	236
2032	812	241
2033	822	243
2034	834	246
2035	847	249

a. Objectives

The overall objective of the IRP process is to provide guidance to VCE's Board, executive management, and customers on a portfolio that optimizes the tradeoffs between reliability, affordability, and GHG emission reductions over the planning horizon. Equally important, the IRP also assists the Commission in

its efforts to identify cost-effective planned resources that support system reliability and statewide policy goals. The resource portfolio presented in this IRP is the outcome of a series of fundamental modeling exercises guided by input from VCE's Board, CAC, and the public regarding resource preferences, resource diversity, and cost effectiveness in meeting both statutory and regulatory requirements while also satisfying the Company's own environmental and power supply objectives.

The methodology taken by VCE for this IRP exercise is designed to achieve the following milestones:

- Satisfy the regulatory requirements of Public Utilities Code Section 454.51(a)(1).
- Satisfy all Commission specifications for conforming portfolios.
- Demonstrate how the PCP achieves VCE's 30 MMT and 25 MMT 2030 and 2035 GHG Benchmarks.
- Demonstrate continuous progress towards meeting or exceeding the state's RPS targets.
- Show how VCE's PCP contributes to overall system reliability and RA requirements.

b. Methodology

i. Modeling Tool(s)

For this IRP cycle, VCE contracted with First Principles Advisory and relied on a suite of modeling tools to develop its PCP to account for all the key modeling tasks included in a comprehensive planning exercise. For capacity expansion modeling and local portfolio optimization, VCE selected Blue Marble Analytics' GridPath modeling software. For production cost modeling of the CAISO system and broader WECC region, VCE selected Energy Exemplar's Plexos software. By working within a framework that incorporated capacity expansion modeling, local portfolio optimization, and production cost modeling - three core pillars of IRP-related modeling - VCE conducted a robust planning exercise to provide a roadmap for future procurement decisions and an improved understanding of the impacts resulting from uncertainty in future market and grid conditions.

GridPath[1] is an open-source modeling tool built and maintained by Blue Marble Analytics that performs a variety of functions relevant to the IRP process, including regional capacity expansion modeling for CAISO and its surrounding balancing area ("BA") regions. For this IRP exercise, GridPath was modified from its latest public release (version 14.1) to mimic the functionality available in RESOLVE. Specifically, two primary modifications were made: 1) an ELCC storage surface was added in addition to the existing wind-solar ELCC surface, and 2) transmission deliverability constraints for peak primary, peak secondary, and off-peak time periods were added to the linear problem formulation. In addition, GridPath was also modified to handle the CPUC-defined marginal ELCC values for each technology type across all years in the planning horizon. This last modification allowed VCE to account for the annual reliability constraint in the RDT when generating its optimal portfolio.

For production cost modeling of the CAISO system and its surrounding BA neighbors, VCE used Plexos[2], industry-leading modeling software from Energy Exemplar. Working with First Principles Advisory, VCE updated its Plexos' WECC zonal database with the inputs and assumptions for the 2022 IRP cycle and cross-referenced its Plexos database with the Plexos databases maintained by Energy Exemplar, the

[1] A more detailed description of GridPath's capabilities and a copy of the latest public codebase is available on its GitHub page at https://github.com/blue-marble/gridpath.
[2] Additional information on Plexos is available on Energy Exemplar's website at https://www.energyexemplar.com/.

California Energy Commission, and CAISO. The version of Plexos used for this modeling exercise was v9.0 R09.

There are no material differences in functionality between the Commission's preferred modeling tools and VCE's selected modeling tools, since GridPath is comparable in functionality to RESOLVE and Plexos is similar to SERVM.

ii. Modeling Approach

The multi-step modeling framework used to create VCE's PCP begins with capacity expansion modeling, followed by production cost modeling, and concludes with local portfolio optimization. Model outputs are then added to the RDT and the CSP tools for review and evaluation of results. This iterative process enabled VCE to not only gain insight into the impact of projected market conditions on its future resource portfolio but also refine its decision making and procurement expectations by adding, removing, or otherwise modifying procurement constraints from one iteration to the next. The modeling framework and review process provided a detailed assessment of the tradeoffs among approaches to fulfilling VCE's internal targets and their associated costs, and ultimately improves VCE's ability to make informed procurement decisions to better meet its customers' needs with affordable low-carbon renewable energy.

Step 1 in the modeling framework is capacity expansion modeling of the CAISO system using GridPath to replicate the CPUC's IRP instance of E3's RESOLVE model. GridPath was run by First Principles Advisory using the same inputs and spatiotemporal settings as the RESOLVE model, and the results were benchmarked to the PSP. The resulting output is the selection of a group of candidate resources that have similar generation profiles but are not exactly proportional to VCE's share of the PSP portfolio. Although comparable results between the two models were attained, VCE used the output from RESOLVE to remove any discrepancies resulting from modeling basis error, since the GridPath results are utilized in the downstream production cost model. Nonetheless, with GridPath benchmarked to RESOLVE and displaying comparable results, VCE is now capable of conducting additional capacity expansion runs of the system with alternative assumptions for future planning exercises.

Step 2 in the modeling sequence uses the selected candidate resources from the capacity expansion model as inputs into the production cost model to simulate grid conditions at a higher spatiotemporal resolution. Like Step 1, VCE assumed the fuel and carbon price forecasts from the Unified RA and IRP Modeling Datasets 2022. Candidate resources were mapped to the appropriate geographic region based on the results of the CPUC's Resource-to-Busbar methodology defined for CAISO's 2021-2022 Transmission Planning Process ("TPP"). The production cost model performs a unit commitment and dispatch study that assesses system reliability, estimates GHG emissions, and generates zonal pricing for all hours in the year. Production cost modeling was conducted for a subset of calendar years in the IRP planning horizon (i.e., 2024, 2026, 2028, 2030, and 2035), and values for non-modeled years were estimated using linear interpolation. VCE did not implement any stochastic model runs in Plexos for this IRP cycle, but it plans to work with its consultants to investigate the added utility afforded by this analysis for future filings.

Step 3 then uses Gridpath to optimize VCE's portfolio across the planning horizon by identifying the combination of candidate resources and existing baseline resources that will minimize cost while also achieving requirements for reliability, resource adequacy, RPS, and GHG emissions, etc. VCE used the price forecasts from the updated PSP portfolio in the optimization model to enable examination of tradeoffs

among bundled energy PPAs, RA-only contracts, and market transactions in CAISO's day-ahead market. The portfolio optimization modeling also accounts for the VCE Board's policy goal of achieving 80% renewable energy by 2030 and internal staff planning target of 100% renewable energy by 2035, both of which exceed state mandates. Based on hourly commitment and dispatch modeling of VCE's existing baseline resource portfolio plus candidate resources, the optimization model outputs a portfolio that satisfies reliability, RA, RPS, and GHG emission constraints in a least-cost manner.

A conceptual summary of the modeling methodology is outlined in Figure 2.

Figure 2 - VCE IRP Modeling Methodology

Step	Stage: Region	Methodology Description
1	System CEM (GridPath)	Using the official I&A values, GridPath replicated the CPUC's June 2022 PSP generated in RESOLVE. **Note:** for this IRP cycle, VCE did not evaluate alternative system-wide buildout scenarios and used the official published results for 30 MMT and 25 MMT base cases for the sake of consistency. For this IRP cycle, GridPath was primarily run to benchmark its results to RESOLVE. 
2	System PCM (Plexos)	Taking the official results from the June 2022 version of RESOLVE for the 30 MMT and 25 MMT cases, a zonal configuration of WECC—with an emphasis on the CAISO BA— is modeled for select calendar years from 2024-2035 to assess system adequacy, generate indicative forward pricing, and estimate system wide GHG emissions. 
3	Local Portfolio Optimization (Gridpath)	Using the results from Step 2 along with the relevant CPUC-administered inputs for RA and GHG targets, GridPath identifies a portfolio with the optimal selection of candidate resources that will—along with the existing baseline resources— satisfy all the requirements LSEs must meet for a Conforming Portfolio as well as any additional LSE-specific constraints that exceed the requirements of the IRP proceeding. 

The optimal planned resource mix identified by GridPath is a function of multiple cost and price assumptions. For candidate projects, capital expenditures and operating and maintenance expenses are defined based on the values in the PSP, which are sourced from NREL's 2021 Annual Technology Baseline. For baseline projects, costs are defined in the model based on the terms and conditions of the PPA. For its production cost modeling, VCE used the fuel and carbon prices from the Unified RA and IRP Modeling Datasets 2022. For forward RA prices, VCE used its internal, proprietary forecast of monthly capacity prices calculated as annual averages. Taking these assumptions, along with other model input parameters, GridPath determines the least-cost portfolio that meets the reliability, GHG reduction, RPS, and other constraints.

VCE used the results from the RDT and CSP as metrics for portfolio analysis, and no post-processing calculations were used.

III. Study Results

This section shows the results from the work described in Section II. Detailed portfolio selection results for the single PCP with GHG emissions below the 25 MMT in 2035 GHG Benchmark are shown in the RDTs that are filed together with this IRP. VCE entered into contracts for much of its existing resource portfolio in 2021-2022 for resources delivering power in 2022-2026.

a. Conforming and Alternative Portfolios

VCE developed and is submitting a single PCP that achieves GHG emissions below its proportional share of the most stringent 25 MMT in 2035 GHG Emissions Benchmark. The underlying data and scenarios are defined in D.22-02-004 and the June 15, 2022 ALJ Ruling. The PCP was developed based on input from the Board of Directors, CAC, and the public, and was finalized after consulting VCE's CAC and Board of Directors. VCE did not develop any alternative portfolios for this IRP.

i. Existing Resources under Contract

The portfolio of resources with which VCE has existing contracts includes 257.6 MW of generation and storage, of which 98.9% are under contracts of 10 years or more in length. 59.5 MW (23.4%) of these resources are currently operating, and the rema4ining 195.7 MW (76.6%) are in various stages of development as indicated in the RDT files. VCE's portfolio of existing resources under contract are shown in Table 5.

Table 5 - Summary of Existing Resources Under Contract (Cumulative MW Nameplate Capacity)

	2023	2024	2025	2026
Contracted Operating Resources (as of August 2022)				
Solar PV	50	50	50	50
Small Hydro	2.9	2.9	2.9	
Demand Response	7	7	7	7
4-Hour BESS	2.5	2.5	2.5	2.5
Contracted In-Development Resources (as of August 2022)				
Solar PV+storage	165	185	185	185

8-Hour BESS		2.3	5.1
Geothermal	5.1	5.1	5.1

ii. Planned Future Contracts with Existing Resources

Currently, VCE has no plans to contract with other existing resources in the future.

iii. Planned Contracts with New Resources

VCE's PCP includes planned contracts with 164 MW of new resources, as shown in Table 6. Those planned resources include 74 MW of new wind, including offshore wind, and 90 MW of new battery storage during the planning horizon. VCE's modeling assumed a 10-year contract term for battery storage resources.

Table 6 - Summary of Planned Contracts with New Resources (Cumulative MW Nameplate Capacity)

	2024	2026	2030	2035
Planned Resources				
New 4-Hour BESS	20	20	20	
New 6-Hour BESS			53	53
New 8-Hour BESS				17
New Onshore Wind		20	39	39
New Offshore Wind			9	35

iv. Narrative Summary of Resources

Existing resources that the retail seller owns or contracts

- Indian Valley Hydro is a 2.9 MW hydroelectric resource that is delivering 6,448 MWh per year and is currently under a 5-year contract with VCE through mid-2025. VCE plans to continue using this resource beyond those five years if cost-effective and proven to perform as contracted. Currently, Indian Valley is not generating electricity due to drought conditions.
- Aquamarine Solar Facility is a 50 MW PV-only project in Kings County delivering approximately 134,684 MWh per year for a 15-year term.
- Putah Creek Energy Farm is a 3 MW PV/3 MW BESS in Yolo County providing approximately 8,000 MWh annually that is currently delivering test energy and will be online in the near future.
- Gibson Solar is a 20 MW PV/6.5 MW BESS in Yolo County delivering approximately 54,262 MWh per year once it comes online in June 2024.
- Tierra Buena Battery Storage Facility is a 4-hour/2.5 MW (10 MWh) BESS in Sutter County that came online on June 3, 2022.

New and existing resources that will be used to meet Mid-Term Reliability obligations adopted in D.21-06-035

- Resurgence Solar I is a co-located solar+storagte project 90 MW PV/75 MW BESS in San Bernardino County delivering 270,305 MWh anticipated online in mid-2023 for a 20-year term.

- Tumbleweed is a Long-Duration BESS (8 hours) in Kern County for which VCE's share is 2.86 MW (22.88 MWh). It is anticipated online in 2026.
- Goal Line is a Long-Duration BESS (8 hours) in San Diego County for which VCE's share is 2.25 MW (18 MWh). It is anticipated online in 2025.
- Ormat Geothermal Portfolio is a group of geothermal projects located in Nevada and Imperial County, CA that is expected to provide VCE with 4.63 MW and 35,380 MWh annually. The portfolio's projects are expected to come online as early as 2024. The VCE Board approved this project in July 2022.
- Fish Lake Geothermal is a geothermal project in Esmerelda County, Nevada that is expected to provide VCE with 0.42 MW and 3,460 MWh of annually with an expected online date of June 2024. The VCE Board approved this project in July 2022.
- Willow Springs Solar 3 is a hybrid solar+storage project with 72 MW PV/36 MW BESS in Kern County that will deliver approximately 219,600 MWh starting at the end of 2023.

Table 7 shows a summary of existing resources under contract, BTM PV assumptions, Cost Allocation Mechanism ("CAM") resources, planned new resource contracts, and planned RA-only resources in the PCP across the planning horizon. The PCP meets the Commission's IRP requirements. The detailed resource choices for each portfolio are shown in the RDT files that were submitted together with this Narrative.

Table 7 - Summary of Preferred Conforming Portfolio Resources (cumulative MW Nameplate Capacity)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BTM Solar	62	66	71	77	83	90	96	103	109	116	122	128	134
CAM/CPE Capacity[1]	30.3	26.2	18.2	12.4	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
RA-only Resources (planned)		28.9	39.9	41.5	57.1	69.7	75.9	26.7	44.2	59.7	70.9	93.6	79.6
Contracted Operating Resources (as of August 2022)													
Solar PV	50	50	50	50	50	50	50	50	50	50	50	50	50
Small Hydro	2.9	2.9	2.9										
Demand Response[2]	7	7	7	7	7	7	7	7	7				
4-Hour BESS	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5			
Contracted In-Development Resources (as of August 2022)													
Solar PV+Storage	165	185	185	185	185	185	185	185	185	185	185	185	185
8-Hour BESS			2.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Geothermal		5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Planned Resources													
New 4-Hour BESS		20	20	20	20	20	20	20	20	20	20		
New 6-Hour BESS								53	53	53	53	53	53
New 8-Hour BESS													17
New Onshore Wind				20	20	20	20	39	39	39	39	39	39
New Offshore Wind								9	9	9	9	9	35

Notes:
1. Year-ahead 2023 volumes for CAM and CAM DR RA; and 2024 and 2025 volumes for CAM CPE are assumed to remain constant throughout the 2023-2035 period.
2. This row is an RA-only contract.

v. Comparison between VCE's Preferred Conforming Portfolio and PSP Portfolio

New planned resources in VCE's PCP differ substantially from the new resources in the PSP Portfolio[3], as shown in Table 8. VCE's new planned resources include only battery storage and wind, while the largest portion of new resources in the PSP are from utility-scale solar. This variance is significant for several reasons: 1) VCE expects most load serving entities ("LSE") to generally follow the PSP portfolio and compete to procure new hybrid solar facilities; 2) VCE's existing resource portfolio is already heavily weighted towards solar plus storage (PV+S) resources and the addition of new PV+S resources will contribute little to meeting its portfolio's reliability, resource adequacy, or other requirements; 3) VCE is a comparatively small LSE with little market power and by seeking to procure primarily new storage and wind resources while other larger LSEs are focused on PV+S procurement is likely to result in lower-cost procurement; and 4) the focus on long-term storage and wind resources provides VCE much-needed diversification in its resource portfolio and maximizes the value of newly procured resources.

Table 8 - Comparison of VCE's Conforming Portfolio and the PSP in 2035 (MW Nameplate Capacity)

2035 PSP Resource Type	PSP 2035 New Build MW	VCE's Proportional Share of PSP MW 2035[1]	VCE's New Build Conforming Portfolio by 2035 MW	MW Over/Under Proportional Amount in 2035	% of Proportional Share of PSP in 2035
Gas	0	0.0	0	0.0	N/A
Biomass	134	0.6	0	-0.6	0.0%
Geothermal	1,135	5.4	5.1	-0.3	94.7%
Wind	4,270	20.3	39	18.7	192.5%
Wind (Out of State, New Transmission)	4,828	22.9	0	-22.9	0.0%
Wind (Out of State, Existing Transmission)	-	0.0	0	0.0	N/A
Offshore Wind	4,707	22.3	35	12.7	156.7%
Utility-Scale Solar	21,794	103.4	185	81.6	178.9%
Battery Storage	17,742	84.2	173.5	89.3	206.1%
Long-duration Storage	1,000	4.7	22.1	17.4	465.8%
Load Shed DR	767	3.6	0	-3.6	0.0%

Notes:
1. Based on VCE's proportional share of load

As seen in the table above, VCE prefers more solar, in-state onshore wind, off-shore wind, battery storage and long-duration storage than is proportional because of its load shape and need to balance its solar portfolio currently under contract. VCE is not planning offshore wind until after 2032 because of the need for new transmission, among other considerations, such as price and market maturity and overall risk profile and viability considerations. In 2035 VCE plans significantly more offshore wind than is proportional to the updated PSP portfolio.

[3] CPUC. (June 2022). LSE Plan Filing Requirements RESOLVE Modeling Results. 16. Accessed September 30, 2022 at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/lse-filing-requirement-resolve-results.pdf

b. Preferred Conforming Portfolios

VCE is using the same PCP to meet both its 30 MMT Conforming Portfolio and 25 MMT Conforming Portfolio requirements. This PCP represents a continuation of VCE's renewable energy-focused strategy that will allow it to reach its internal policy of providing 80% renewable energy by 2030. VCE contracted for new solar PV plus storage capacity in 2020-2021 and standalone energy storage and geothermal in 2022. VCE expects to continue expanding and diversifying its portfolio of renewable energy and energy storage over the forecast period by 1) adding more renewable energy resources by 2026 or 2027, 2) adding significant battery capacity in the 2024-2030 period to facilitate integration of renewables and provide new RA capacity, and 3) adding in-state or out-of-state wind resources in the 2026-2030 period. A summary of the PCP's resources and expected generation as well as estimated annual electric demand is shown in Table 9.

Table 9 - Summary of annual electric demand and generation by resource type for 25 MMT Preferred Conforming Portfolio (GWh)

	2024	2026	2030	2035
Retail Electric Demand	718	741	786	847
Wholesale Energy Demand (accounting for losses)	776	800	849	914
Net System Power	92	97	132	120
Geothermal	40	40	40	40
Small Hydro	6	-	-	-
Wind New PG&E	-	51	100	100
Wind Offshore Humboldt	-	-	40	168
Solar Baseline California	130	127	121	114
Hybrid or Paired Solar and Battery	519	514	505	495
Battery Storage (with losses)	(5)	(8)	(35)	(37)
RPS-Eligible (Renewable) % of Retail Sales	91%	92%	92%	97%
GHG-free % of Retail Sales	91%	92%	93%	98%

The portfolio generation summarized in Table 9 shows the expected performance of the PCP that is consistent with VCE's long-term preferences and conforms with Commission and statutory requirements. VCE's long-term operational goals include maintaining electricity prices that are competitive with PG&E retail prices while at the same time delivering a supply portfolio that is cleaner than PG&E's portfolio.

There are several reasons why VCE's PCP relies on a mix of renewable resources, including solar PV, wind, geothermal, small-scale hydro, and battery storage. First, a high level of renewable energy is preferred by VCE and its customers. Second, relying on a mix of resources provides a better match of renewable generation to VCE's load profile than a more solar-heavy portfolio, which could otherwise be preferred from a cost perspective. VCE's electricity demand is less than many other LSEs, which necessitates teaming up with other LSEs to develop and/or contract for non-solar resources. This joint procurement approach adds risk to the development and contracting cycle but offsets that risk by allowing VCE to access procurement opportunities, such as its geothermal resources, that would be otherwise precluded by its relatively small electricity demand.

VCE's PCP as shown in Table 10 conforms with the requirement for LSEs that use one PCP meeting the most stringent GHG emissions targets to apply the same portfolio to both the 25 MMT and 30 MMT RDT

and CSP. The main difference in the results for the 30 MMT CSP is the dispatch of the batteries in this scenario producing slight differences in RPS-Eligible (Renewable) % of Retail Sales and GHG-free % of Retail Sales. In the 25 MMT Conforming Portfolio, the batteries dispatch more often.

Table 10 - Summary of annual electric demand and generation by resource type for 30 MMT Preferred Conforming Portfolio (GWh)

	2024	2026	2030	2035
Retail Electric Demand	718	741	786	847
Wholesale Energy Demand (accounting for losses)	776	800	849	914
Net System Power	99	86	134	120
Geothermal	40	40	40	40
Small Hydro	6	-	-	-
Wind New PG&E	-	51	100	100
Wind Offshore Humboldt	-	-	40	168
Solar Baseline California	130	127	121	114
Hybrid or Paired Solar and Battery	519	514	505	495
Battery Storage (with losses)	(5)	(8)	(27)	(29)
RPS-Eligible (Renewable) % of Retail Sales	90%	93%	91%	97%
GHG-free % of Retail Sales	90%	93%	91%	97%

i. Compliance with Statutory and Regulatory Requirements

Section 454.52 (a) (1) of the Public Utilities Code sets out several requirements with which LSEs must comply in their IRPs:

A) Meet GHG emissions reduction targets established by the State Air Resources Board. VCE has estimated GHG emissions of 74,000 metric tons in 2030 and 62,000 metric tons in 2035, which are below the most stringent GHG Benchmarks established for VCE of 85,000 metric tons and 70,000 metric tons in 2030 and 2035, respectively, in the ALJ Ruling.

B) Procure at least 60 percent eligible renewable energy resources by December 31, 2030. VCE's PCP considered in this IRP will meet the statutory RPS requirements. VCE's PCP includes 92% RPS-eligible energy in 2030 and 97% RPS-eligible energy in 2035. The actual level of RPS achieved in each compliance period will depend on how market conditions and prices for renewable energy evolve and on whether VCE's renewable energy procurement policies change. VCE has a strong commitment to clean and local energy while maintaining competitive retail electric prices with a goal of 80% renewable energy established by its Board of Directors and an internal staff target of 100% renewable energy by 2035.

C) Just and reasonable rates. VCE's rates are approved by its Board in accordance with VCE policies. VCE's goal is to meet or beat PG&E's retail electric rates. VCE has always maintained retail rates that are competitive with those of PG&E.

D) Minimize impacts on ratepayers' bills. VCE's PCP selects the least-cost resource options to meet its requirements, including operational and capital investment costs. (VCE's IRP does not analyze costs like transmission and distribution costs that impact customer bills because, as a CCA, these costs are outside

of VCE's control and are the responsibility of PG&E.) Minimizing impacts on ratepayer bills is a top priority for VCE when it procures on behalf of its customers, in addition to striving for a cleaner resource portfolio that utilizes local resources in line with VCE customer preferences. See Section III.e for additional details.

E) Ensure system and local reliability., VCE incorporates in its resource plan the need for providing system and local RA at 100% plus the CPUC-required Planning Reserve Margin of the expected monthly peak load for VCE. The estimated costs for such capacity are incorporated in the PCP's resource costs. Additionally, VCE will incorporate into its long-term PPAs with intermittent renewable resources the ability to curtail output during times of negative market prices. The resource plans for the PCP includes procurement of battery storage RA capacity that go beyond current procurement mandates, including the replacement of Diablo Canyon capacity. More generally, VCE's PCP relies on a diverse mix of solar, on-shore and off-shore wind, hydro, energy storage, geothermal, and demand response resources. Its PCP thus helps support system reliability beyond VCE's proportional share of the market.

F) Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewable portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more. (Pub. Util. Code § 399.13 (b).) As shown in Table 7 and in the RDTs submitted with this IRP, 98.9% of capacity procured under VCE's existing contracts is procured for a length of 10 or more years, and VCE intends to continue its future planned procurement with contracts of 10 or more years in length, ensuring that the long-term requirement is met for the 2021-2024 compliance period and beyond.

G) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities. VCE neither owns nor operates transmission or distribution systems, and therefore operates within the decisions and constraints of transmission and distribution system owners or operators. However, VCE supports diversity, sustainability, and resilience in the grid system by seeking a variety of resource types (e.g., solar, hybrid solar, geothermal, small hydro, on- and off-shore wind, demand response, etc.) located in a variety of places (e.g., across California and several counties in Nevada). VCE also recognizes the importance of a diverse, sustainable, and resilient grid system by seeking a resource mix that reduces curtailment events and the associated use of system power which often has much higher emissions than VCE's priority resources. Furthermore, members of VCE's CAC emphasize the importance of local resources and avidly encourage the procurement of local resources in VCE's portfolio.

H) Enhance distribution systems and demand-side energy management. Since the distribution system and demand side management programs are managed by PG&E, the primary responsibility for meeting these requirements and making such programs available to VCE customers lies with PG&E. VCE provides information to its customers on energy efficiency, electric vehicle adoption, the transition to time-of-use rates, net metering, OhmConnect demand management programs, and has implemented a demand management pilot program for its agricultural customers called AgFIT. In the future, additional load management programs and managed charging of electric vehicles may be adopted by VCE as they become available. VCE will continue to explore programs that can be offered in parallel with PG&E's customer programs.

I) Minimize localized air pollutants and other GHG emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code. VCE's PCP minimizes local air pollutants and other GHG emissions and prioritizes disadvantaged communities ("DACs"). There are no power plants in VCE's DACs. VCE's PCP adds new renewable and energy storage resources, reducing VCE's reliance on system power. As a result, local air pollutants and GHG emissions will be significantly

reduced without increasing burdens on existing DACs. Between 2030 and 2035, VCE's PCP reduces PM2.5 emissions by 20.0% from 2.661 tonnes/year to 2.128 tonnes/year, SO_2 emissions by 20.8% from 0.261 tonnes/year to 0.207 tonnes/year, and NOx emissions by 36% from 6.532 tonnes/year to 4.183 tonnes/year. Finally, VCE's focus on building financial reserves and cash flow is expected to result in new customer programs that provide additional benefits to customers, including those in DACs.

Replace Diablo Canyon Capacity (D.20-03-028). VCE intends to use the Willow Springs hybrid solar+storage facility to satisfy its share of Diablo Canyon replacement capacity, as shown in Table 12.

Procurement mandate (D.19-11-016). VCE has procured the reliability resources required under D.19-11-016 and D.21-06-035. The resource requirements for each tranche and the portion of contracted resources currently allocated are shown in Table 11 and Table 12, respectively.

Table 11 - Incremental Procurement Resources (D.19-11-016)

	Tranche 1	Tranche 2	Tranche 3
VCE Incremental Obligation	6.3 MW online by August 1, 2021	3.1 MW online by August 1, 2022	3.2 MW online by August 1, 2023
Leapfrog	6.3 MW (online June 2021)	——	——
Aquamarine (contract ID VCEA50002)	——	0.6 MW (online September 2021)	3.2 MW (online September 2021)
Tierra Buena (contract ID VESI10LLC)	——	2.5 MW (online June 2022)	——

Table 12 - Mid-Term Reliability Procurement (D.21-06-035)

Compliance Year	RPS eligible or Zero-Emitting			Diablo Replacement (Zero-Emitting)	Long-Duration Storage	Zero-Emitting (80% Capacity Factor)
	2023	2024	2025	2025	2026	2026
VCE Obligation (MW NQC)	8 MW	23 MW	6 MW	10 MW	4 MW	4 MW
VCE's Planned Method of Compliance	Resurgence Solar 1 Long-Term PPA	Resurgence Solar 1 Long-Term PPA	Resurgence Solar 1 Long-Term PPA	Willow Springs Solar+Storage Long-Term PPA	Tumbleweed Agreement & Goal Line Agreement	Ormat and Fish Lake Geothermal

vi. Additional Discussion

VCE is submitting a single PCP that achieves emissions reductions lower than its proportional share of the 25 MMT 2035 GHG Benchmark. Such a portfolio is justified by VCE's commitment and established purpose to provide GHG-free electricity from renewable energy sources to its customers and its internal policy to achieve 80% renewable energy by 2030 and internal planning target of 100% renewable energy by 2035. In pursuit of its own self-imposed requirements, VCE inevitably surpasses the most stringent 2035 GHG Benchmark required by the Commission.

A resource portfolio with such a high percentage of renewable energy requires a diverse mix of resources whose operating characteristics are complementary. The focus on adding new generating resources from on- and off-shore wind to VCE's existing solar-heavy portfolio will contribute to improved overall system reliability because wind resources will diversify the timing of electricity generation within VCE's portfolio, especially if other LSEs follow the PSP and mostly target development of new hybrid solar resources. Adding new wind resources will increase and expand the coverage of seasonal and hourly electricity generation in VCE's portfolio compared to the portfolio of LSEs implementing the solar-focused PSP. While substantial new standalone storage resources will work in concert with the expanded resource mix increase the flexibility of both charging and discharging as well as increase overall availability of VCE's standalone storage resources, enabling VCE's resource portfolio to adapt to system needs - be they preventing curtailments and negative power prices or responding to power supply shortfalls - in a more capable and reliable manner than either its current portfolio or the portfolio of LSEs whose procurement closely follows the PSP.

VCE's PCP does not include new natural gas resources or re-contracting with existing natural gas resources, and its current resource portfolio does not include any contracted natural gas resources.

c. GHG Emissions Results

This section discusses the emissions results for VCE's PCP as calculated by the CSP calculator. Because VCE is submitting a single portfolio that conforms to both GHG scenarios, the values listed below are from the 25 million metric tons ("MMT") version of the CSP. In that scenario, VCE's assigned GHG Benchmarks for 2030 and 2035 are 0.085 MMT and 0.070 MMT, respectively. VCE's PCP satisfies both of these requirements with reported emissions of 0.074 MMT in 2030 and 0.062 MMT in 2035.

Table 13 - Total Emissions for VCE's Preferred Conforming Portfolio (25 MMT)

Emissions Total	Unit	2024	2026	2030	2035
CO2	MMt/yr	0.057	0.058	0.074	0.062
PM2.5	tonnes/yr	0.036	0.382	2.661	2.128
SO2	tonnes/yr	0.015	0.047	0.261	0.207
NOx	tonnes/yr	3.785	4.045	6.532	4.183

VCE did not include any custom hourly load shapes or user-specified production profiles in the CSP calculator. The only inputs specified by VCE were the CPUC-issued retail sales and BTM PV forecasts on the Demand Inputs tab and the agency's portfolio information entered in the Supply Inputs tab, which are copied over from the RDT. With over 95% of its portfolio qualifying as either renewable or GHG-free over the entire IRP planning horizon, VCE is strategically positioned to achieve its internal environmental objectives.

Table 14 - RPS and GHG-Free Composition of VCE's Preferred Conforming Portfolio (25 MMT)

Renewable and GHG-Free %	Unit	2024	2026	2030	2035
Retail Sales	GWh	718	741	786	847
RPS-Eligible Delivered Renewable	GWh	655	679	720	822
GHG free	GWh	655	679	732	829

RPS-Eligible Delivered Renewable Percentage	% of retail sales	91%	92%	92%	97%
GHG-free Percentage	% of retail sales	91%	92%	93%	98%

d. Local Air Pollutant Minimization and Disadvantaged Communities

i. Local Air Pollutants

Based on the CSP accounting methodology, the lower values for PM2.5 and SO_2 shown in 2024 and 2026 are the result of VCE's "net long" exposure in favorable hours relative to the defined system power profile. During these periods, VCE receives offsetting emissions credit for the excess GHG-free energy it provides to the grid. Please refer to the CSP calculator file for more information on the emission calculations used to generate the results in Table 15.

Table 15 – Total Emissions for VCE's Preferred Conforming Portfolio (25 MMT)

Emissions Total	Unit	2024	2026	2030	2035
PM2.5	tonnes/yr	0.036	0.382	2.661	2.128
SO2	tonnes/yr	0.015	0.047	0.261	0.207
NOx	tonnes/yr	3.785	4.045	6.532	4.183

The following tables provide a breakdown of the air pollutant emissions (e.g., PM2.5, SO_2, and NO_X) associated with VCE's PCP as calculated by the CSP. The air pollutants are primarily attributable to system power purchases. To minimize the generation of local air pollutants and their corresponding impacts on disadvantaged communities, VCE will continue to monitor the cost and availability of alternative candidate projects as well as the percentage of total supply for the portfolio made up by market purchases.

Table 16 - CSP Results for PM2.5 (25 MMT)

PM2.5	Unit	2024	2026	2030	2035
CHP	tonnes/yr	0.977	0.978	0.980	0.617
System Power	tonnes/yr	(0.941)	(0.596)	1.681	1.511
Total	tonnes/yr	0.036	0.382	2.661	2.128
Average emissions intensity	kg/MWh	0.0001	0.0005	0.0034	0.0025

Table 17 - CSP Results for SO_2 (25 MMT)

SO_2	Unit	2024	2026	2030	2035
CHP	tonnes/yr	0.104	0.104	0.104	0.066
System Power	tonnes/yr	(0.089)	(0.057)	0.157	0.141
Total	tonnes/yr	0.015	0.047	0.261	0.207
Average emissions intensity	kg/MWh	0.0000	0.0001	0.0003	0.0002

Table 18 - CSP Results for NOx (25 MMT)

NOx	Unit	2024	2026	2030	2035
CHP	tonnes/yr	4.549	4.521	4.458	2.437
System Power	tonnes/yr	(0.764)	(0.476)	2.074	1.747
Total	tonnes/yr	3.785	4.045	6.532	4.183
Average emissions intensity	kg/MWh	0.0053	0.0055	0.0083	0.0049

ii. Focus on Disadvantaged Communities

The California Environmental Protection Agency ("CalEPA") designates a geographic area as disadvantaged according to four criteria:[4]

- Census tracts receiving the highest 25% of overall scores in CalEnviroScreen 4.0.
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest 5% of CalEnviroScreen 4.0 cumulative pollution burden scores.
- Census tracts identified in the 2017 Disadvantaged Community ("DAC") designation, regardless of their scores in CalEnviroScreen 4.0.
- Lands under the control of a federally recognized Tribe.

VCE utilized the CalEnviroScreen 4.0 tool and CalEPA's 2017 DAC designation[5] to evaluate all census tracts in its primary service area of Yolo County. This analysis identified four census tracts that qualify as disadvantaged communities under the currently effective criteria – Tracts 101.01, 101.02, 102.03, and 102.04. Of these, only area 101.02, which is a largely rural census tract, is partially located in VCE's service territory. The total number of households in this census tract was 575 in 2020.[6]

VCE estimates that fewer than 100 of all customer accounts are located within this impacted area. Thus, less than 0.2% of all VCE customers are estimated to be in a DAC. According to the CalEnviroScreen 4.0 tool,[7] the key reasons for this census tract falling within the top 25% appears to be risks associated with a combination of pesticide exposures, groundwater threats, hazardous waste, impaired waters, and solid waste, coupled with the presence of sensitive populations (particularly those with asthma and cardiovascular disease) and socioeconomic factors such as unemployment. There are no power plants in

[4] California Office of Environmental Health Hazard Assessment, *SB 535 Disadvantaged Communities* (accessed August 11, 2022). Available at: https://oehha.ca.gov/calenviroscreen/sb535.

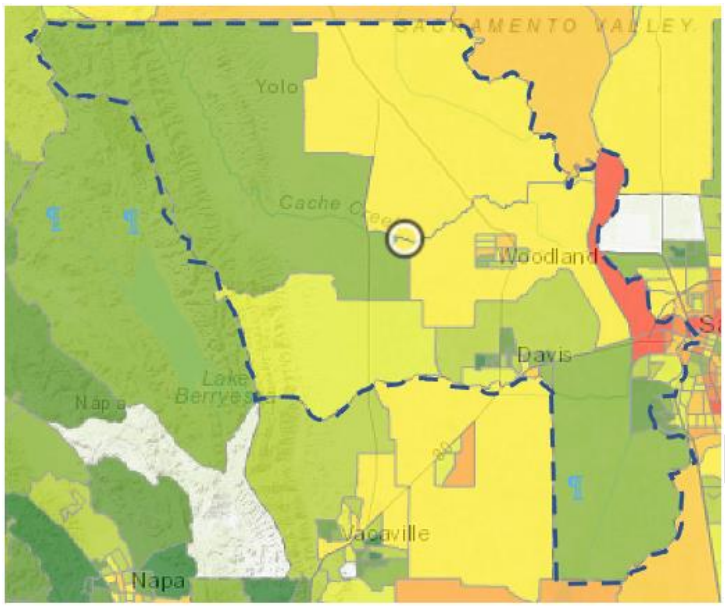
[5] California Environmental Protection Agency, *Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De Leon)* (April 2017). Available at: https://calepa.ca.gov/EnvJustice/GHGInvest/.

[6] 2020 US Census Bureau statistics for census tract 101.02 (https://data.census.gov/cedsci/profile?g=1400000US06113010102).

[7] Accessible at: https://oehha.ca.gov/calenviroscreen/sb535.

this DAC.[8] The fact that the impacted areas are situated close to major transportation hubs likely contributes to the CalEnviroScreen 4.0 rating.

Figure 3 - CalEnviroScreen 4.0 Results for Yolo County



VCE gets input on its portfolio from its Board of Directors and its CAC. Due to its size as a small LSE, VCE does not need to continually procure power to meet its load requirements, which limits the number of opportunities for stakeholders to provide input on the types of resources that are being procured. To the extent possible, VCE has acted to secure power supply options that are least cost for its customers, while also satisfying the Commission's various regulatory requirements surrounding renewable content, resource adequacy, and long-term contracts, as well as the objectives of the VCE Board.

VCE Staff presented an update on the 2022 IRP during the CAC's September 22, 2022 meeting. Advisory committee members did not provide any information that would impact the resource selection for VCE's preferred or conforming resource portfolio, but some members did indicate a preference for locally sited resources. VCE believes that battery storage resources are likely the best resource type to be sited locally, given their smaller physical footprint as compared to other types of resources. Yolo County also includes significant highly productive agricultural land resources, which result in additional permitting requirements for power generation projects.

The selection of resources in VCE's portfolio has an impact regionally and statewide, particularly in the extent to which VCE's resource portfolio decisions result in the use of and emissions from system power. Even though VCE has no power generation in DACs within its service territory, it recognizes the harmful impacts on DACs outside its service territory that result from the use of emissions-intensive system power.

[8] The resources listed on the CEC's website (https://ww2.energy.ca.gov/almanac/electricity_data/web_qfer/county_group_cms.php) were cross-checked against tract 101.02.

VCE constructs its portfolio to obtain the maximum reductions in GHG emissions and the maximum possible use of renewable energy as reasonable costs permit.

Over the planning horizon, VCE's net system power use increases by nearly 31% from 92 GWh in 2024 to 120 GWh in 2035. However, this increase is due entirely to increases in resource curtailment, as VCE's Net Purchases (before curtailment and exports) decrease by 78.1% from 46 GWh in 2024 to 10 GWh in 2035. Overall, as a percent of Net System Power VCE's Net Purchases (before curtailment and exports) decline from 49.9% of Net System Power in 2024 to only 8.3% of Net System Power in 2035, a trend that demonstrates VCE's efforts to minimize its dependence on system power and reduce the emissions and other impacts (e.g., impacts on DACs) associated with system power.

e. Cost and Rate Analysis

VCE's modeling framework identifies a portfolio that is optimized to minimize cost while fulfilling operational objectives. During the process of developing the PCP, it became apparent that diversifying the portfolio's resource mix by focusing on new wind generation resources and long-duration storage was very complementary to the existing resource portfolio's solar-heavy profile and increased the overall effective ELCC per unit of cost. Recognizing and focusing on attaining the maximum marginal return, or marginal performance, per additional unit of cost was the primary mechanism by which affordability was approached when developing the PCP.

Figure 4 below provides an estimate of the total net costs of the PCP listed in 2020$USD for select calendar years along with a breakdown by major cost category. The annual expense of VCE's portfolio is expected to average $44.011 million over the IRP horizon and experiences an average annual growth rate of 1.7%. VCE's reliance on the market for capacity and energy are minimal both in the near- and long-term as bundled PPAs are the principal procurement type in the portfolio through 2035. Table 19 illustrates VCE's portfolio costs expressed per MWh of retail demand. On a $/MWh basis, VCE's inflation-adjusted portfolio costs are expected to grow at an annual rate of 0.3%/year from 2024-2035.

Figure 4 - Estimated Annual Portfolio Costs in 2020$

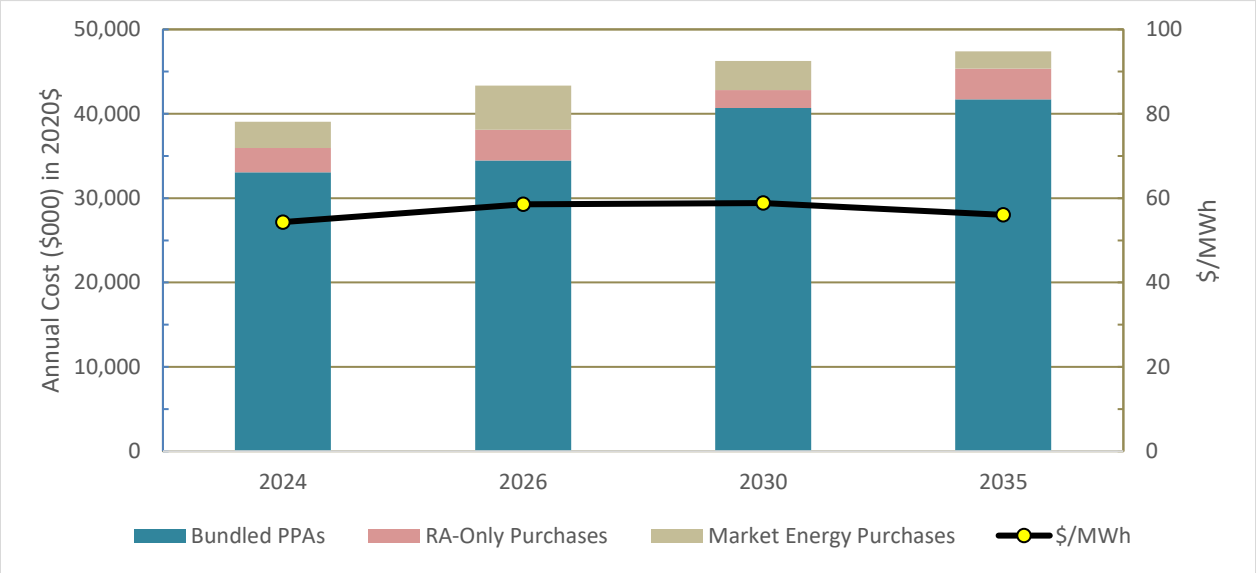


Table 19 - VCE's Preferred Conforming Portfolio Annual Net Expense (2020 $USD)

	2024	2026	2030	2035
Annual Expense ($k) – 2020$ USD	$39,053	$43,347	$46,247	$47,397
Retail Load (GWh)	718	741	786	847
$/MWh	$54.36	$58.53	$58.81	$55.99

VCE's rate policy and three product options allow it to calibrate rates to recover costs while providing multiple affordable options to its customers. Beginning in 2023, VCE plans to offer a Base Green product option at less cost than PG&E bundled rates. VCE plans to automatically provides the Base Green product price for California Alternative Rates for Energy and Family Electric Rates Assistance customers with Standard Green features. VCE's Standard Green product is competitively priced to PG&E's bundled rates and provides higher renewable content. VCE provides an additional UltraGreen product option priced at 1.5 cents per kilowatt-hour more than our standard service, so the additional cost for a typical customer is in the range of $7 to $10 per month.

f. System Reliability Analysis

VCE's single PCP satisfies its system reliability requirements for both the 30 MMT and 25 MMT scenarios. Like other LSEs, VCE's portfolio's contribution to overall system reliability is somewhat dependent on the overall portfolio composition of the state's bulk electric power grid. In developing its single PCP, VCE ensured fulfillment of its system reliability contribution in all years by implementing an approach that always adopted the more conservative value (i.e., value with the most system benefit) between the two GHG scenarios when defining its proportional share of the system's marginal resource need and when assigning the CPUC-defined marginal ELCC factors for each resource type.

This approach results in a PCP that features a slight overbuild in certain years from a reliability perspective that is partially offset by supporting VCE's ambitious renewable energy goals, but it means that the PCP is structured to meet the higher of the 30 MMT or 25 MMT scenarios' reliability requirement in each year. Any additional reliability VCE ends up contributing will assist the state in maintaining system reliability while it proceeds in decarbonizing its fuel sources. The tables and charts below display VCE's marginal reliability need and a corresponding breakdown of its marginal ELCC supply by contract type for both the 30 MMT and 25 MMT scenarios. Note that the supply values are not identical in the figures and tables because the ELCC values used to calculate the effective firm MWs supplied by the portfolio are separately assigned for each GHG scenario. Because a large portion of the supply projected to meet the agency's reliability requirements is not yet online, the agency's procurement team will monitor construction related milestones closely and update the commission with material updates in a timely manner.

Figure 5 - VCE Capacity by Contract Status (30 MMT)

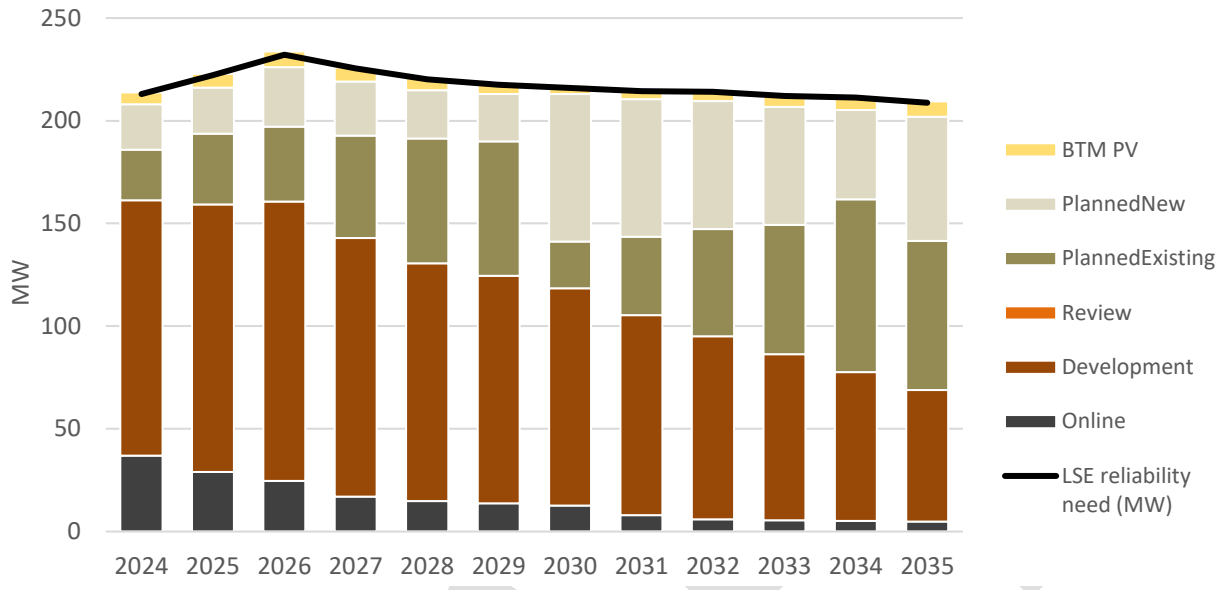


Table 20 - Load and Resource Table by Contract Status (30 MMT)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
LSE reliability need (MW)	213	222	232	225	220	218	216	214	214	212	211	209
ELCC by contract status (effective MW[1])												
Online	37	29	25	17	15	14	13	8	6	6	5	5
Development	124	130	136	126	116	111	106	97	89	81	72	64
Review	-	-	-	-	-	-	-	-	-	-	-	-
PlannedExisting	25	34	36	50	61	65	23	38	52	63	84	73
PlannedNew	22	22	29	26	24	23	72	67	62	58	43	60
BTM PV	6	7	8	7	6	5	5	5	6	6	7	8
LSE total supply (effective MW)	214	223	234	226	221	218	218	216	215	213	212	209
Net capacity position (effective MW)	1	1	2	1	1	1	2	1	1	1	1	1

Notes:
1. Effective MW refers to nameplate MW adjusted for ELCC values

Figure 6 - VCE Capacity by Contract Status (25 MMT)

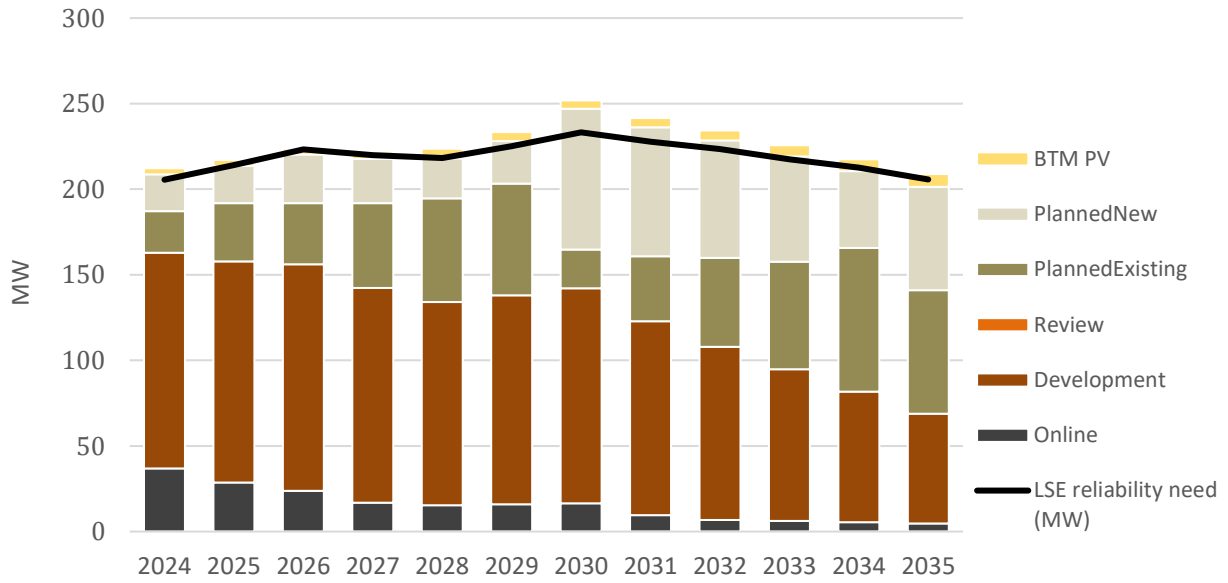


Table 21 - Load and Resource Table by Contract Status (25 MMT)

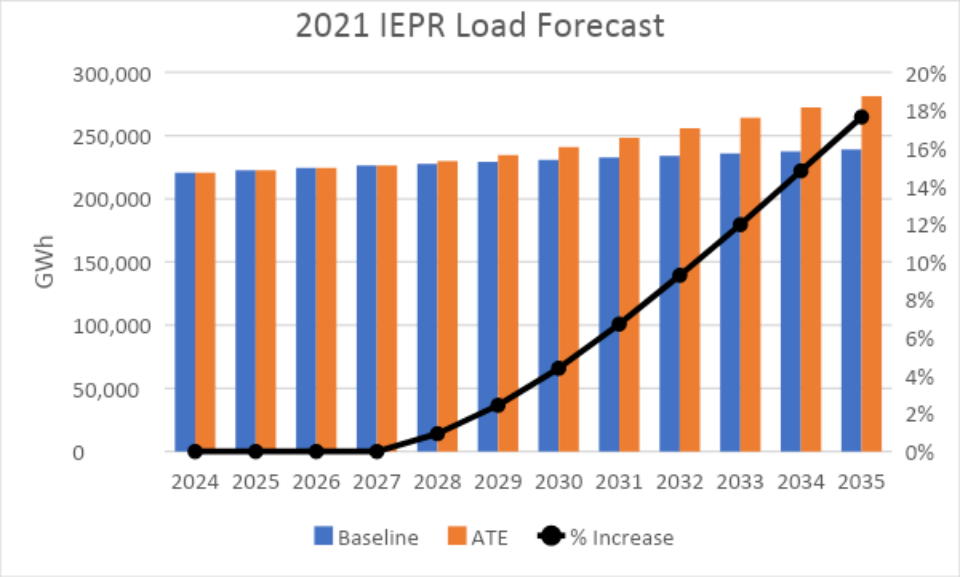
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
LSE reliability need (MW)	206	214	223	220	218	225	233	228	224	217	213	206
ELCC by contract status (effective MW)												
Online	37	29	24	17	15	16	17	10	7	6	5	5
Development	126	129	132	125	119	122	126	113	101	89	76	64
Review	-	-	-	-	-	-	-	-	-	-	-	-
PlannedExisting	24	34	36	49	61	65	23	38	52	63	84	72
PlannedNew	21	22	28	26	23	25	82	75	69	62	45	60
BTM PV	4	3	3	4	5	5	5	5	6	6	7	8
LSE total supply (effective MW)	212	217	224	222	224	233	252	242	234	226	217	209
Net capacity position (effective MW)	7	3	0	2	5	8	19	14	11	8	5	3
Notes: 1. Effective MW refers to nameplate MW adjusted for ELCC values												

g. High Electrification Planning

To estimate the impacts of additional demand for electricity, VCE analyzed the CEC's Additional Transportation Electrification ("ATE") scenario to determine the additional resources it would procure to serve this load while still achieving the same RPS and GHG emission targets. Figure 7 below illustrates the increase in demand relative to the Mid Baseline Scenario (AAEE Scenario 3; AAFS Scenario 3). The greatest

impacts are expected to appear starting at around 2030 and then ramp up considerably through 2035, ultimately resulting in about an 18% increase in annual demand.

Figure 7 - Percent Increase in CAISO Annual Load Assuming High Electrification



To assess the potential impacts to VCE of this high-electrification scenario, this increase was applied to VCE's load forecast, as shown in Table 22.

Table 22 - VCE Annual Demand for Baseline and Electrification Scenario

Service Area	LSE CPUC ID	LSE Name	YEAR	TYPE	Baseline IRP Sales Forecast (GWH)	ATE IRP Sales Forecast (GWH)
PGE	VCE	Valley Clean Energy Alliance	2023	CCA	727.3	727.3
PGE	VCE	Valley Clean Energy Alliance	2024	CCA	718.4	718.4
PGE	VCE	Valley Clean Energy Alliance	2025	CCA	729.1	729.1
PGE	VCE	Valley Clean Energy Alliance	2026	CCA	740.6	740.6
PGE	VCE	Valley Clean Energy Alliance	2027	CCA	751.7	751.7
PGE	VCE	Valley Clean Energy Alliance	2028	CCA	764.6	771.5
PGE	VCE	Valley Clean Energy Alliance	2029	CCA	774.1	792.7
PGE	VCE	Valley Clean Energy Alliance	2030	CCA	786.4	821.0
PGE	VCE	Valley Clean Energy Alliance	2031	CCA	798.8	852.3
PGE	VCE	Valley Clean Energy Alliance	2032	CCA	812.5	888.0
PGE	VCE	Valley Clean Energy Alliance	2033	CCA	822.4	921.1
PGE	VCE	Valley Clean Energy Alliance	2034	CCA	834.0	957.4
PGE	VCE	Valley Clean Energy Alliance	2035	CCA	846.6	995.6

To identify how such an increase in electricity demand would impact the PCP, the increased load profile from the ATE scenario was modeled. The results of this optimization exercise are shown below. [9]

Table 23 - VCE High Electrification Scenario

Resource Type	MW	Annual GWh	2035 GHG target	Transmission Zone	Substation/Bus	Alternative location	Note
In-state Wind	94	242	25 MMT	PGE	unspecified	SCE	2025
Offshore Wind	14	66	25 MMT	PGE	unspecified	SCE	2032
Offshore Wind	28	202	25 MMT	PGE	unspecified	SCE	2035
8-hr Storage	12	n/a	25 MMT	PGE	unspecified	SCE	2032
8-hr Storage	37	n/a	25 MMT	PGE	unspecified	SCE	2035

Assuming VCE's RPS and GHG emissions targets in 2030 and 2035 are unchanged under the ATE scenario, the portfolio would require procurement of additional wind resources and prioritizing longer-duration storage over shorter-duration storage. Under the ATE scenario, starting in 2026 VCE will need upwards of 90 MW of onshore wind (rather than 39 MW) and 40 MW of offshore wind instead of the originally presumed 35 MW of cumulative offshore wind acquired by 2035. In addition, the need for longer-duration storage increases as VCE would need to acquire about 50 MW of 8-hour storage compared to 17 MW in its PCP, although the increase in 8-hour storage would mostly displace the PCP's 6-hour storage.

The increase in storage duration is driven by the need to limit VCE's market purchases in off-peak hours throughout the year. These off-peak purchases incur system emissions and must be limited for VCE to satisfy its assigned GHG benchmarks. The longer duration allows storage to dispatch longer into evening and early morning hours. One critical aspect of the ATE scenario that is not yet well understood is how and when electric vehicles ("EVs") will interact with the grid. Depending on the nature of their interaction, EVs could have a multiplying or mitigating effect on the supply and demand balance in the power system.

h. Existing Resource Planning

Since its 2020 IRP, VCE has contracted for 255 MW of new nameplate capacity, 60 MW of which is currently operating. VCE has been building its resource portfolio while D.19-11-016, D.20-12-044, and D.21-06-035 were being issued, and therefore its approach has been to procure new resources to meet the requirements of these incremental procurement decisions while also procuring available resources to meet expected future needs. As a result of this forward-looking approach, VCE's PCP does not indicate a need for new generating capacity until 2026 and is planning to procure wind.

VCE's PCP includes a total of 366.7 MW[10] of resources in 2030, of which 254.7 MW, or 69.5%, are already under contract. In 2035, the PCP includes a total of 389.2 MW[11] of resources, of which 245.2 MW, or 63%,

[9] The RA-Only contract volumes from the electrification optimization run are excluded from this table.

[10] Not including BTM PV or CAM Capacity

[11] Not including BTM PV or CAM Capacity

are already under contract. VCE's near-term resource need is limited to 20 MW of 4-hour storage, followed by 20 MW of on-shore wind in 2026, and the combination of two-to-four-year lead times and the comparatively small scale increase the likelihood that these resource needs will be fulfilled. The large majority, 82.1% (92 MW) of the 112 MW of new resources needed by 2030 are not needed for more than seven years in the future or several times the length of a project's typical construction timeline. While VCE will be vigilant in identifying opportunities to secure these resources under contract, these resource needs are so far into the future that it is unrealistic to pursue contracts at the present, and VCE's future IRPs in 2024, 2026, and 2028 will provide updates on both the potentially changing nature of VCE's future resource needs and its progress towards procurement of IRP-identified resources.

VCE's near-term resource needs, i.e. within four years, represent less than 14% of its current resource portfolio. As a comparatively small LSE, VCE tends to procure resources as part of a joint effort with other CCAs or on a bilateral basis when an opportunity arises where a project may have some resource availability not fully subscribed by larger LSEs. VCE recognizes its niche role in procurement markets, and it operates within that role.

i. Hydro Generation Risk Management

VCE currently has 2.9 MW of small hydro under contract. That facility has not generated electricity for over a year due to in-state drought, but that facility represents about 1% of VCE's contracted resources and does not present a significant risk to expected costs, GHG emissions, or reliability. The facility presents no risk to VCE's PCP since the contract ends in 2025, and no other hydro resource contracts are specified in VCE's PCP so VCE's expected costs, GHG emissions, or reliability are in no way dependent on hydro resources.

j. Long-Duration Storage Planning

VCE has contracted for two long-duration battery energy storage system:

- Tumbleweed is a Long-Duration BESS (8 hours) in Kern County for which VCE's share is 2.86 MW (22.88 MWh). It is anticipated online in 2026.
- Goal Line is a Long-Duration BESS (8 hours) in San Diego County for which VCE's share is 2.25 MW (18 MWh). It is anticipated online in 2025.

VCE determined the contract quantities based on the requirements under D.21-06-035, particularly for the 2026 requirement year (Tranche 4) and based on the value of long-duration storage in shaping its generation portfolio.

The benefits of long-duration energy storage are 1) low marginal costs for storing electricity; 2) the provision of ancillary services to the electrical grid; 3) it is widely deployable and scalable; and 4) it has relatively short lead times for development when compared with the upgrading of grid transmission and distribution assets. The risks of long-duration energy storage are 1) current high capital costs; 2) supply-chain constraints on the minerals and other materials used to fabricate the systems (if BESS); and 3) if the system is stand-alone and not paired with a renewable resource, dependence on available, low-cost, and clean charge energy.

VCE sees substantial future potential in long-duration storage as a valuable grid resource. The PCP only contains 17 MW of planned 8-hour storage in 2035 due to the current projected cost of 8-hour storage, but as discussed in Section III.g a key adaptation to a high-electrification future scenario involves 8-hour long-duration storage displacing most of the PCP's planned 53 MW of 6-hour storage. Recent advances in battery technology and chemistry coupled with economies of scale resulting from rapidly increasing production of battery storage as well as other potential energy storage options represent the potential for significant opportunities to attain ever-higher shares of renewable energy in the resource mix at continually decreasing cost. As the costs for long-duration storage decline, VCE anticipates these resources to constitute a greater share of its resource portfolio.

k. Clean Firm Power Planning

VCE contracted for the following geothermal facilities to meet its "clean firm power" requirements under D.21-06-035:

- Ormat Geothermal Portfolio is a group of geothermal projects located in Nevada and Imperial County, CA that is expected to provide VCE with 4.63 MW and 35,380 MWh annually. The portfolio's projects are expected to come online as early as 2024. The VCE Board approved this project in July 2022.
- Fish Lake Geothermal is a geothermal project in Esmerelda County, Nevada that is expected to provide VCE with 0.42 MW and 3,460 MWh annually with an expected online date of June 2024. The VCE Board approved this project in July 2022.

VCE arrived at the amounts included in its portfolios by evaluating the requirements of D.21-06-03 and calculating its needed capacity. The benefits of including these resources in VCE's portfolio are to provide a more reliable source of power to the grid and to enhance the flexibility of VCE's portfolio while still reducing emissions overall.

The potential of these resources on a system level is to assist the State of California with any decision it may make to avoid continuing the use of nuclear power and on an LSE level is to provide a foundation of diverse reliability. The risks of including geothermal in VCE's portfolio mix includes operational risks given that geothermal projects are subject to force majeure, technical risks given the sometimes unpredictable technology maintenance needs, economic risks such as increasing operating costs, and the risks associated with permitting. For the Ormat Geothermal Portfolio and Fish Lake Geothermal resources specifically, transmission allocation rights are the key risk. VCE is mitigating this risk by having applied for transmission rights effective in 2024 through the term of the two agreements. VCE is interested in procuring more geothermal resources if they are cost competitive or added to its ordered procurement requirements.

l. Out-of-State Wind Planning

VCE's PCP contains no out-of-state wind due to current transmission limitations, but VCE plans to examine availability of out-of-state wind on an annual basis. Out-of-state wind resources are generally very complementary to VCE's existing resource portfolio, providing higher ELCCs and varied generation timing compared to existing resources.

m. Offshore Wind Planning

VCE is planning to procure offshore wind after 2030 when more capacity becomes available at a more affordable price with more transmission capacity. The CEC's offshore wind goal[12] of 5,000 MW by 2030 is more than 10 times VCE's total 2035 resource portfolio and nearly 35 times larger than the 2035 new resource need in VCE's PCP. Offshore wind projections appear very complementary and valuable to VCE's resource portfolio but given the scale of the resource compared to VCE's total portfolio, VCE will have to evaluate opportunities to procure offshore wind as they become available.

n. Transmission Planning

VCE recognizes that transmission upgrades may constitute cost-effective investments that enhance system reliability by increasing the deliverability of existing and new generation facilities. Based on the information available at this time, VCE does not expect to incur any transmission-related restrictions on its procurement strategy beyond those already identified for baseline and planned resources.

With its baseline resources, VCE has four projects that are currently in development and require transmission upgrade projects. For additional information on these projects, please refer to the RDT. For its planned resources, the only resource category that may require an upgrade to existing transmission deliverability is the agency's plan to procure offshore wind in the 2030-2035 timeframe. VCE will look to procure offshore wind starting in 2030 and again in 2032 or 2035 in the Morro Bay, Humboldt Bay region, or elsewhere depending on costs, availability, and other considerations. As listed in the PSP modeling results, RESOLVE flags the need to invest in transmission upgrade projects for additional deliverability of firm power in both these regions in 2032 and 2035.[13] VCE is assuming that either one or both of these deliverability projects will be built and that it will be able to secure a slice of these offshore projects at or near the current projected capital expenditure-based price for offshore wind in those future years. As for its plan to procure wind in the near-term horizon, VCE conducts Procurement RFOs to assess market conditions related to costs, location, and timing of new resources. It will emphasize the addition of wind to the portfolio, but the final amount, location, and timing will ultimately depend on the market pricing offered by project developers.

The agency currently has no firm restrictions regarding the location of any of its planned candidate resources, as long as FCDS status is attainable. At this time, VCE has no stated preference for their listed projects not to be relocated by the CPUC/CAISO, assuming similar availability and costs for the replacement project. Lastly, the information discussed in this section is not investment grade.

[12] https://www.energy.ca.gov/news/2022-08/cec-adopts-historic-california-offshore-wind-goals-enough-power-upwards-25

[13] Currently, Morro Bay has up to 200 MW of unclaimed deliverability capacity, whereas Humboldt Bay has no existing spare deliverability capacity.

IV. Action Plan

As part of its action plan and its continuous operations, VCE will monitor closely the progress of construction and key milestones for its contracted new capacity that will come online between 2022 and 2026.

In order to secure sufficient long-term RPS eligible resources for its preferred portfolio in the 2023-2035 period, VCE plans to conduct solicitations for new capacity in the 2023-2024 period covering needs in 2024-2027, and likely also a solicitation in 2025 or 2026 to cover needs for renewable energy and storage in the 2028-2035 period. VCE will participate in joint solicitations, such as the CC Power solicitation through which it recently secured geothermal capacity, to the extent possible and when advantageous, but it will also pursue direct contracting with projects as opportunities become available.

VCE expects all its generating capacity additions to be RPS-eligible renewable energy, currently estimated to be a total of 30-40 MW including new northern California wind – identified in the IRP models (RESOLVE) as Solano Wind. Northern California wind was selected based on the generation profile, but the actual procurement will depend on the resources available at the time of procurement. The timing, scope, and scale of future procurement activity will depend on the successful completion of VCE's in-development projects, its electric demand growth over the next few years, and changes in the regulatory environment.

VCE does not expect any procurement barriers to impede its future contracting for new renewable energy resources, but notes that even though a balanced RPS portfolio is desirable, the limited resource availability and lead time required for some resources, such as wind and biofuels-based generation, may lead to a "solar-heavy" RPS and IRP portfolio in the near- and mid-term timeframe. The key risk affecting both VCE's RPS and IRP portfolios is reliance on new resources that have yet to prove that they can successfully complete construction within the timelines contracted, and that once completed they will deliver the contracted volume of energy and capacity as expected.

VCE's PCP consists of a combination of solar PV, wind, hydro, demand response, geothermal, and battery storage. Even though battery storage is quickly moving to the mainstream in terms of resource choice for capacity in California, this technology remains largely unproven at the large scale and for the long-term lengths of projects currently being deployed across California. Storage performance, particularly over time, may therefore become both a risk and barrier if actual performance falls short of expectations. These risks and barriers are something all LSEs in California have in common.

Battery storage also faces potential supply disruptions or limitations due to a combination of rapidly rising demand and potential supply shortfalls of key raw materials. The competition between stationary power and transportation battery applications is likely to have a positive effect over time on both cost and performance but could prove disruptive in the near term if limited production capabilities result in suppliers favoring transportation markets over stationary markets. The rapid growth in battery demand is also straining the supply of raw materials such as lithium, nickel, cobalt, and graphite, etc. which could exacerbate the competition between transportation and stationary markets, resulting in increased prices and limited battery availability. The upside to this competition and potential supply constraints is the rapid advancement of battery technology and novel chemistries.

For two reasons, VCE does not see any unmanageable risks in its portfolio due to retirements of existing renewable energy sources. First, the only existing renewable energy resources under contract are the

Indian Valley small scale hydro plant which was expected to provide 6,450 MWh of energy each year but hasn't generated electricity in over a year due to drought conditions and VCE has already demonstrated its ability to replace that forgone output and the Aquamarine solar facility which just began operations slightly more than a year ago. Second, over the next 3-5 years, VCE expects to eliminate its need for procurement of market RECs from existing resources as its other contracted resources complete construction and begin operation. Compliance with the RPS will therefore not depend on retaining existing resources but will instead rely on the long-term performance of newly built renewable resources.

a. Proposed Procurement Activities and Potential Barriers

VCE plans to contract for additional resources by 2024. The IRP action plan calls for engaging the market in the 2023-2024 period to facilitate the addition of new 4-6-hour energy storage and wind energy and capacity in the 2024-2027 period and again in 2027 or 2028 to cover resource needs in the 2028-2032 period. It is VCE's practice to engage the market for PPAs for specific technology resource needs as the needs become clear; additionally, VCE may consider resource ownership in the future.

All new resources apart from standalone storage are planned to be RPS-eligible, and VCE has a preference for further diversifying its portfolio with more on-shore and off-shore wind resources if those resources are available and are competitively priced. As the cost of battery storage is expected to continue to decline, VCE also expects to continue to gradually increase its use of BESS to meet its resource adequacy goals and to enhance the use of solar energy to extend beyond daylight hours. In fact, VCE sees increased use of batteries as one component of its compliance strategy whereby using BESS to improve its integration of renewables will also help to support compliance with the 25 MMT Conforming Portfolio goal.

Regarding costs and benefits of CAM resources, VCE has accounted for CAM capacity in its resource plan and assumes these resources will provide capacity for RA purposes but not contribute energy to meet VCE load. It should be noted that the operations and the costs of these resources are completely outside of VCE's control and the costs and benefits of these resources are therefore hard to assess. In VCE's modeling it is assumed this capacity will remain available and that VCE will pay market rates for the CAM capacity provided. The main benefit of CAM capacity is that it reduces VCE's RA obligation. If the CAM resources were to also cost less than other comparable RA resources, they could also bring economic benefits to VCE's ratepayers.

i. Resources to meet D.19-11-016 procurement requirements

As shown in Table 24, all resources necessary to meet D.19-11-016 requirements are under contract and have begun operating.

Table 24 - Incremental Procurement Resources (D.19-11-016)

	Tranche 1	Tranche 2	Tranche 3
VCE Incremental Obligation	6.3 MW online by August 1, 2021	3.1 MW online by August 1, 2022	3.2 MW online by August 1, 2023
Leapfrog	6.3 MW (online June 2021)	——	——

Aquamarine (contract ID VCEA50002)		——	0.6 MW (online September 2021)	3.2 MW (online September 2021)
Tierra Buena (contract ID VESI10LLC)		——	2.5 MW (online June 2022)	——

ii. Resources to meet D.21-06-035 procurement requirements, including:

As shown in Table 25, all resources necessary to meet D.21-06-035 requirements are under contract and in development.

Table 25 - Mid-Term Reliability Procurement (D.21-06-035)

Compliance Year	RPS eligible or Zero-Emitting			Diablo Replacement (Zero-Emitting)	Long-Duration Storage	Zero-Emitting (80% Capacity Factor)
	2023	2024	2025	2025	2026	2026
VCE Obligation (MW NQC)	8 MW	23 MW	6 MW	10 MW	4 MW	4 MW
VCE's Planned Method of Compliance	Resurgence Solar 1 Long-Term PPA			Willow Springs Solar+Storage Long-Term PPA	Tumbleweed Agreement & Goal Line Agreement	Ormat and Fish Lake Geothermal

a. 1,000 MW of firm zero-emitting resource requirements

VCE has contracted with two projects (Ormat and Fish Lake) for 4 MW of geothermal capacity which will meet its 4 MW requirement for zero-emitting resources with an 80% or higher capacity factor. This resource was procured through the joint CC Power solicitation, and the primary risk aside from the timeliness of commercial operations is securing transmission rights. The process to secure long-term transmission rights for the full CC Power procurement has begun.

b. 1,000 MW of long-duration storage resource requirements

VCE's share of the long-duration storage requirements is 4 MW. VCE intends to use 4 MW of the available 5.1 MW capacity from the Tumbleweed and Goal Line contracts to meet this obligation.

c. 2,500 MW of zero-emissions generation, generation paired with storage, or demand response resource requirements

VCE's share of the Diablo Canyon Replacement is 10 MW. To meet VCE's requirement of 10 MW of its 2023-2025 incremental procurement under D.21-06-035 for zero-emitting energy, VCE will operate the battery portion of Willow Springs, a 72 MW solar plus 36 MW storage facility, on a five-hour dispatch schedule from the hours ending 5 pm to 10 pm.

d. All other procurement requirements

Notwithstanding the 10 MW of the 2023-2025 procurement requirements for the Diablo Canyon Replacement capacity, VCE's share of this requirement is 8 MW in 2023, 23 MW in 2024, and 6 MW in 2025. All three years' requirements will be met by the Resurgence solar+storage project which has a 90 MW PV system coupled with a 75 MW/300 MWh battery energy storage system, which is more than double the capacity required to fulfill this obligation.

iii. Offshore wind

VCE's PCP includes 35 MW of offshore wind capacity by 2035. Offshore wind in California remains in early-stage development. The public comment period on the proposed sale notice ended August 1, 2022[14] and publication of a final sale notice has not yet occurred. Once the leases are sold, project plans will be subject to subsequent environmental, technical, and public reviews prior to a BOEM decision on whether the proposed development should be authorized. It is too early in the development process to reasonably predict when, if, and in what manner VCE's offshore wind procurement may occur, but the risks presented by offshore wind resources are greatly minimized since the PCP does not include offshore wind resources until 12 years in the future.

iv. Out-of-state wind

VCE's PCP also includes 39 MW of on-shore wind by 2030, none of which is currently planned to be sourced from outside California. Out-of-state wind procurement remains a possibility but is unlikely to be considered for procurement until or unless transmission capacity becomes available.

v. Other renewable energy not described above

VCE's PCP includes 17 MW of 8-hour long-duration storage in 2035. VCE plans to solicit this capacity 2-3 years in advance of its need, either through a joint solicitation such as the CC Power solicitation or by directly contracting with a project. VCE acknowledges that 8-hour storage resources may become necessary prior to 2035 depending on changing regulatory requirements and the impacts of increased electrification and will monitor developments that could impact the timing of its need for 8-hour storage and respond as conditions warrant.

vi. Other energy storage not described above

VCE's PCP includes 20 MW of 4-hour battery storage starting in 2024 and 53 MW of 6-hour battery storage starting in 2030. These resources will be procured either as part of a competitive solicitation (including potentially a joint solicitation) or directly, with procurement efforts starting 2-3 years in advance of the resource need. VCE intends to engage the market in mid-to-late 2023 for storage projects identified as needed in 2024.

vii. Other demand response not described above

VCE has 7 MW of the Leapfrog demand response project that is currently operating. Future participation in other demand response projects is a possibility, even though additional demand response resources

[14] 87 FR 32,443

were not selected in the PCP. VCE will monitor available demand response project capacity and evaluate opportunities as they arise.

viii. Other energy efficiency not described above

VCE encourages energy efficiency and provides its customers with information on energy efficiency programs and incentives including heat pumps, air sealing, water heating, tax incentives and rebates, financing programs, and more. Additionally, VCE participates in PG&E programs offerings such as the Energy Savings Assistance Program which offers energy savings assistance to income-eligible customers.

ix. Other distributed generation not described above

VCE's customer base currently has a higher rate of BTM PV adoption compared to the state average, and VCE will continue to monitor BTM PV adoption trends within its service area and incorporate changes into its procurement planning as necessary.

x. Transportation electrification, including any investments above and beyond what is included in Integrated Energy Policy Report

VCE has a wide range of EV information available for its customers on the location of charging stations in its service territory, EV models, savings calculators, and financial incentives. It closely monitors developments in transportation electrification pilot programs, regulations, and rates as a means of facilitating EV adoption in its service area and planning for future impacts and opportunities from increasing EV market penetration.

xi. Building electrification, including any investments above and beyond what is included in Integrated Energy Policy Report

VCE offers information on building electrification technologies, incentives, and financial assistance programs to its customers, and closely monitors regulatory developments in this area to inform planning and procurement.

xii. Other

VCE and its partners are piloting a dynamic rate for agricultural electricity users in its AgFIT program and are actively exploring other similar opportunities.

b. Disadvantaged Communities

VCE's rates are designed to provide economic benefits for all ratepayers, including those residing in DACs. It should also be noted that the DAC area identified in VCE's service territory does not appear to have any significant land suitable for renewable energy development, due to the predominant land use types such as prime farmlands, Williamson Act Lands, conservation easements, and Sacramento River bypass (flood) channels.

Until further notice, PG&E will continue to make its existing energy efficiency and demand response programs available to VCE customers. In addition, VCE operates two programs that will help air quality

and energy affordability for all VCE customers, including residents of DACs, as described in the following summaries.

Transportation Electrification. VCE has initiated its Transportation Electrification Program ("TEP"), which is designed to focus on customer-facing activities that advance local electrification of the transportation system. VCE is currently working on development of targeted outreach and education for its transportation electrification programs to customers located in TEPs. Decarbonizing the transportation sector is of high priority to VCE and its local government member agencies due to their central implementation role of State transportation goals. With a high level of emissions generated by the transportation sector in California (50%)[15] and an even higher percentage of overall emissions from the transportation sector at the local level in Yolo County,[16] VCE is in the best position to catalyze transportation electrification at the local level. VCE's multi-year goals for the TEP include: 1) Accelerate electrification of transportation and move consumer spending from gallons to kWh; 2) Improve air quality in service territory and adjacent locations; 3) Build upon the Climate Action Plans of Yolo County, Woodland, Winters, and Davis; and 4) Become a trusted source of information within our community regarding electrification.

One current example of VCE's efforts on the TEP includes securing a $2.9 million dollar grant from the Sacramento Area Council of Governments that lays the foundation for increased public EV charging opportunities and multi-modal transportation hubs in Yolo County. To date, Electrify Yolo has resulted in the installation of one charging station in downtown Woodland and two charging stations in Winters. Seven sites are under assessment in unincorporated Yolo County. All projects are planned for completion by December 31, 2023. Additionally, VCE provides an online education tool[17] for customers to find information regarding EVs such as: EV benefits, EV facts, a savings calculator, a CO_2 reduction calculator, EV models, an EV charger locator, and available credits and rebates.

Energy Efficiency. VCE's Energy Efficiency ("EE") Program focuses on providing relevant and actionable EE information to VCE customers.[18] VCE has developed an online EE graphic that identifies the most common household EE measures along with links to available rebates, with the objective to help customers reduce energy usage, reduce emissions related to energy usage and save customers money.

VCE also conducts regular outreach to its customers to increase customer satisfaction and retention, including targeted efforts to demonstrate its commitment to customers in DACs. For example, VCE updates its website annually with resources for customers having trouble paying bills and participates in the Commission's Arrearage Management Plan.[19] During 2021, VCE also conducted a call-out campaign to 200 customers in arrears to inform them of available resources to pay their bills such as the California Alternate Rates for Energy Program, the Family Electric Rate Assistance Program, the Medical Baseline Assistance program, and the Arrearage Management Program. Additionally, VCE investigated the feasibility of participating in the Commission's Disadvantaged Communities Green Tariff Program, and

[15] https://www.energy.ca.gov/about/core-responsibility-fact-sheets/transforming-transportation

[16] https://www.yolocounty.org/home/showpublisheddocument/61642/637146088140070000

[17] The EV customer education and decision support tool is found on the VCE website at: https://valleycleanenergy.org/electric-vehicles

[18] The EE customer education and decision support information is found on the VCE website at: https://valleycleanenergy.org/energy-efficiency/

[19] *See*, https://valleycleanenergy.org/financial-assistance/

ultimately determined that it was not feasible to participate in the program due to the low number of customers eligible for the program.

Additionally, VCE is working to increase the accessibility of the information it shares with customers, particularly Spanish speakers. VCE has performed, or is performing, the following activities in support of this effort:

- Translated the material and information listed on its website into Spanish.[20]
- Ensuring all new collateral is translated into Spanish within 3 months of introduction.
- Analyzing satisfaction levels for customer calls in languages other than English and Spanish through VCE's contact center.
- Analyzing opt-out rates when customers request a Spanish-speaking customer service representative or Spanish on VCE's Interactive Voice Response phone system.
- Increasing social media posts in Spanish.

c. Commission Direction of Actions

VCE does not seek any direction or action from the Commission at this time beyond requesting certification of its IRP pursuant to statute.

V. Lessons Learned

VCE understands the complexity of holding the IRP process and developing the assumptions and inputs necessary for LSEs to finalize the narrative, RDT, and CSP files for submission. However, there were times when Commission Staff released information late in the process and communicated public information to select stakeholders through private emails rather than to the whole service list. Improvements on the timeliness of the inputs and assumptions and the communication process would help LSEs to achieve compliance with all IRP requirements.

VCE respectfully encourages the Commission to consider in its planning timelines that many CCAs like VCE require not only Board review and approval of IRPs but also community review and input from advisory committees. These reviews and approvals are integral to the identity, purpose, and mission of many CCAs, and an IRP timeline recognizing these requirements would acknowledge that the effective deadline for IRP development is at least a month prior to the Commission's IRP filing deadline.

[20] *See*, https://valleycleanenergy.org/es/inicio/

RESOLUTION 2022-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING THE 2022 UPDATE OF THE VCE INTEGRATED RESOURCE PLAN AND ASSOCIATED ACTION PLAN FOR SUBMISSION TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION

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

WHEREAS, in accordance with state Senate Bill (SB) 350 (2015, DeLeón), as well as modifications to those sections added by SB 338 (2016, Skinner) and Assembly Bill (AB) 759 (2017, Dahle) to implement Public Utilities Code Sections 454.51 and 454.52, the California Public Utilities Commission (CPUC) has enacted rulemakings requiring load servicing entities in the state over which the CPUC exercises regulatory authority to file Integrated Resource Plans (IRP) beginning in August 2018 and then every other year; and,

WHEREAS, the IRP is a compliance document which is intended to provide guidance regarding the expected power supply cost and the resources needed for meeting electric demand in the 2023-2035 period; and,

WHEREAS, on July 12, 2018 and on August 13, 2020, the Board approved VCE's first and second IRP and associated Action Plan and submitted it to the CPUC; and,

WHEREAS, the draft 2022 IRP Update will be considered by the VCE Board prior to submission to the CPUC, including the adoption of a "Preferred Conforming Portfolio" to indicate the resource scenarios contained in the IRP is preferred by the VCE Board; and,

WHEREAS, in addition to the development Preferred Conforming Portfolio, the IRP report also identifies VCE's Action Plan for how it intends to achieve the objectives of the Preferred Conforming Portfolio.

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

1. The Board hereby approves of the Integrated Resource Plan update for 2022 which includes the 25MMT portfolio or Preferred Conforming Portfolio, and the associated Action Plan identified therein, for submission to the California Public Utilities Commission by November 1, 2022; and

2. The Board herby authorizes the Executive Officer in consultation with VCE staff to make any non-substantial changes necessary to finalize the IRP document for filing.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of October 2022, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jesse Loren, VCE Chair

_____
Alisa M. Lembke, VCE Board Secretary

Attachment A – 2022 Integrated Resource Plan

ATTACHMENT A

2022 INTEGRATED RESOURCE PLAN

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

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

SUBJECT: VCE Three-Year Strategic Plan Update (9/8/22 Board Meeting item tabled to this meeting)

DATE: October 13, 2022

PURPOSE

The purpose of this report is to:

1. Provide a progress update on the VCE Three-Year Strategic Plan (2021-2023); and
2. Begin the discussion with the Board on options for extending the Plan beyond the current end of the planning period (end of 2023).

BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at the November 12, 2020, meeting. The strategic plan is the basis for developing annual organization and individual goals, annual budgets, key decisions, and priorities. The Plan incorporates the following schedule for status reporting:

- 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.

Staff has provided progress updates to the Executive Officer, Community Advisory Committee (CAC), and Board as described above. This report provides key accomplishments as VCE reaches the midway point of the 2021-2023 strategic plan. Generally, Staff observes that progress has been made in each goal area and that the plan serves the overall intended purpose of aligning organizational activities with policy priorities.

Examples of key accomplishments in the first half of 2022 include:

- VCE maintained cash reserves and liquidity with lines of credit through the initial launch, COVID-19 pandemic, and power market volatility to optimize VCE's financial health and competitiveness with PG&E. (Goal 1 – Financial Strength)
- Adopted a cost recovery-based customer rate policy for 2022, expanded customer rate

options, collections policy, and debt policy to support establishing a credit rating by 2024. (Goal 1 – Financial Strength)

- 10 power purchase agreements (PPA) for reaching 85% renewable content by 2024, including 4 through California Community Power, PV plus storage, long duration storage, and geothermal technologies 238 MW Renewables, 128 MW BESS, and 7 MW Demand Response. (Goal 2 - Procurement & Power Supply)
- AgFIT pilot development and implementation designed to provide VCE agricultural customers with hourly price signals and incentives for irrigation automation and scheduling software to better manage energy costs. (Goal 3 – Customers & Community)
- Maintained customer participation rate of over 90% for service territory through VCE's launch phase and expansion to include Winters (Goal 3 – Customers & Community)
- Completed portfolio analysis for 100% carbon neutral and carbon-free hour-by-hour by 2030 (Goal 4 – Decarbonization & Grid Innovation)
- Actively participated in the CPUC Summer Reliability proceeding (AgFit Pilot) and PG&E Regionalization Proceeding. Active in the recently concluded legislative session for 2022 (Goal 5 – Regulatory & Legislative Affairs)
- Recruited and retained key personnel for leadership and operational positions. (Goal 6 – Organizational, Workplace, and Technology)
- Joined California Community Power joint powers authority to optimize shared CCA platform to execute multiple PPAs to meet regulatory requirements. (Goal 6 – Organizational, Workplace, and Technology)

Additional key accomplishments will be included in the presentation.

Plan Update

The current Strategic Plan runs through the end of 2023. Staff is seeking early Board feedback on the approach for extending the strategic plan beyond the end of 2023. Staff has identified two basic options: (1) adopt a multi-year extension at the end of the current planning period (end of 2023); or (2) adopt one year "rolling" extensions each year so that the Plan is always 1+ years from expiration. The first option is a more formal/traditional approach that allows for a longer look ahead but lacks the more consistent update benefits associated with the "rolling" approach. Staff believes that either approach can serve VCE's objectives but is leaning toward the rolling approach to maintain the Plan's relevance in a fast-changing energy sector. Guidance from the Board at this early date will help Staff organize for the Plan update.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 15

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Rebecca Boyles, Director of Customer Care and Marketing
Sierra Huffman, Program and Community Engagement Analyst

SUBJECT: Receive progress update on VCE 3-Year Programs Plan and 2023 program concepts

DATE: October 13, 2022

REQUESTED ACTION
Informational item. The purpose of this report is to give an update on the status of VCE's 3-Year Programs Plan and an introduction to program concepts being discussed for 2023 implementation.

BACKGROUND
In June 2021, the VCE Board approved the 3-Year Programs Plan (3YPP), including the methodology by which potential programs are scored and ranked for implementation. Programs most aligned with VCE's mission, vision and Strategic Plan scored higher, and thus are prioritized for implementation, while those that score lower are not slated for implementation, but may be reconsidered at a later time. Criteria include greenhouse gas (GHG) mitigation, ease of implementation, and customer satisfaction, among others. Staff and the Programs Task Group (PTG) also evaluate other CCA programs in the process.

UPDATE
Since the approval of the 3YPP, staff has implemented 4 new pilot programs: the Heat Pump Program, the Agricultural Flexible Irrigation Technology (AgFIT) program, the OhmConnect partnership, and the Electric Vehicle Rebate Program. Staff has continued with the Electrify Yolo grant from the Sacramento Area Council of Governments, in which VCE is partnering with all jurisdictions to install electric vehicle chargers for public use. That program is underway and due to be completed by all jurisdictions in December 2023. The Energy Efficiency Resources graphic was updated and translated it into Spanish. VCE's EV Educational Resources underwent a refresh in Spring 2022, and is also available in Spanish.

Heat Pump Program
VCE's Heat Pump Pilot launched in June 2022, and staff held the first contractor-focused webinar on June 2nd. The webinar focused on getting customers access to rebates and incentives for heat pump water heaters, demystifying heat pumps, and dispelling misinformation. The event was successful and well-attended. The video of the webinar is up on VCE's website.

AgFIT
AgFIT launched August 31 with an initial set of 8 pumps, and enrolled the remaining pumps through August. Though implementation was challenging, launch was smooth. Data is still very preliminary, but customers are already seeing successful load shift out of peak hours, which should translate into modest savings. VCE has enrolled about 1.8MW out of a 5MW cap, and recruitment for the 2023 growing season has begun.

OhmConnect
VCE continued its second year of partnership with OhmConnect, in which customers can sign up to shift their electric load at peak times of stress for the grid, and receive cash and other incentives for participating. The 2022 spring campaign yielded 132 utility connected accounts, a fantastic utility connection rate of 88% of all who signed up for the service. For the summer campaign (emails went out to over 30,000 customers in early September), the incentives are higher as customers can receive a $50 sign-up bonus, as well as ongoing cash and rewards for participating. The program will continue throughout the year but peaks in late summer/early fall.

Electric Vehicle (EV) Rebate Program
VCE's EV Rebate program launched on September 19, 2022. The program provides rebates for new or leased vehicles to customers as follows: $2000 for a plug-in hybrid; $2500 for a battery electric vehicle; or $4000 for either a plug-in hybrid or battery electric vehicle for income-qualified customers. The program is being widely promoted through print and digital ads, as well as at events and through partnerships with community-based organizations.

2023-2024 Program Concepts Under Consideration
Staff, in consultation with the Programs Task Group (PTG), is planning program activity for 2023-2024. Some of the program concepts under consideration include:

- Continuing the OhmConnect partnership
- Phase 2 of the EV Rebate Program, potentially including used vehicles for rebates
- Phase 2 of the Heat Pump Program, potentially including rebates for heat pump installations
- Energy efficiency rebates for low-income customers
- Home energy ratings
- Agricultural electrification
- Self-Generation Incentive Program (SGIP)
- Workforce Development

All program concepts will be tested with Board-approved methodology for suitability for implementation, and the CAC will receive program concepts for review and feedback before concepts go before VCE's Board of Directors.

ATTACHMENT:
Summary of Programs included in VCE's 3-Year Programs Plan

Attachment A:
Summary of Programs included in VCE's 3-Year Programs Plan
Progress updates since Board approval (June 2021) are noted in red.

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

1. Maintain and Enhance EV Educational Resources (PS1);

Updated and ongoing

2. Deployment and Promotion of Electric Vehicle Charging Stations (EVCS) (PS1);

Ongoing

3. Maintain and Enhance Educational Energy Efficiency Resources (PS2);

Updated and Ongoing

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

1. Agricultural Auto-Demand Response (PS2);

Launched and ongoing (AgFIT)

2. Demand Response and Free Thermostat for Residential Customers (PS2);

Launched and ongoing (OhmConnect partnership)

3. Agricultural Electrification (PS1);
4. Promote Dual Fuel Heat Pumps for Space Conditioning *(PS1);*

Launched and ongoing

5. All Electric Awards Residential and Commercial Program (PS1);
6. Electric Vehicle Rebates for Lower-income Customers (PS1);

Launched and ongoing

7. Provide Information on Self-Generation Incentive Program (SGIP) (PS2);

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

1. Electric Vehicle Ride and Drive Events in VCE Territory (PS1);

Participating September 25, 2022, and ongoing

2. Promote Induction Cooking as a Healthier, Climate-Friendly Alternative to Fossil Gas (PS1);
3. Disadvantaged Communities Green Tariff Program (DAC/GT) (PS1);

Considered; staff determined participation would not be feasible for VCE

4. Increase DC Fast Charger Deployment (PS1);
5. Expansion of Charging for Multifamily Apartments (PS1);
6. Develop a Residential and Commercial Battery Storage Program (PS2);

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Board of Directors

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

SUBJECT: Operating Budget Update

DATE: October 13, 2022

RECOMMENDATION
Informational – no action requested.

OVERVIEW
This update is the first of three discussions leading to Board consideration of VCE's 2023 budget. The purpose of this staff report is to: (1) provide an update on the 2022 Operating Budget, (2) provide an overview of key factors influencing the 2022 and 2023 operating budgets, and (3) provide a preliminary multi-year forecast (2023 through 2025).

VCE's short-term outlook (2022 and 2023) indicates continued volatility in power market prices due to global events outside VCE's control. When combined with September's historic 10-day heat storm, VCE's short-term net income is lower than originally forecast for 2022 by approximately $10M. The mid/longer term outlook (2023-2025) informed by VCE's analysts (CalCCA, MRW), shows VCE recovering lower than forecast net income in 2023 due primarily to lower Power Charge Indifference Adjustment (PCIA) rates.

To date, VCE has been able to absorb 2022 power cost impacts and continue to contribute to reserves without recommending adjustments to rates. This is due primarily to lower PCIA rates in 2022 and forecast for 2023. Beginning in 2023, significant long-term renewable Power Purchase Agreements (PPA's), will be coming on-line helping mitigate power market volatility and contribute to VCE's ability to continue to build reserves and maintain positive margins for the longer-term (2024+).

<u>2022 Adopted Budget</u>
In February 2022, the Board approved the 2022 Operating Budget with $89.8M of operating revenues and $72.3M of operating expenses for a net income of $17.5M. As detailed in the analysis section below, the net financial results are due primarily to significant power cost increases above revenues across the past two fiscal years (2021 and 2022). The 2022 budget is estimated to have a total net income of $6.6M, $10.1M less than forecast in the adopted 2022 Budget. Based on its preliminary analysis of power market, PCIA, and rate forecast information for 2023, staff does expect these revenues to be recovered in 2023 driven primarily by additional decreases in PCIA charges. Note: PG&E's final rate and PCIA report for 2023 will be released in mid-October which will inform staff's draft 2023 budget that will be presented to the Board at its November meeting.

BACKGROUND

In October 2021, staff presented an Operating Budget with several scenarios based on information from several forecasting sources (CalCCA, MRW). PG&E's rate setting process was delayed from the November 2021 meeting until late January 2022 due to a request from the California Public Utilities Commission (CPUC) to evaluate rate options to spread its 2022 rate increase of over 30% over more than the standard 12-month period. In addition, the PCIA decrease for 2022 was revised from a -75% to a -59% based on the incorporation of actual vs. projected value of PG&E's energy portfolio for October and November 2021. The net result of the CPUC proceeding approved an increase of 33% in PG&E's bundled rates and PCIA decrease of 57%.

VCE adopted a budget, taking into account PG&E's approved rates in February, that incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers and directed all other revenues to cash reserves for a target of ~85 days cash on hand by the end of 2022.

Staff provided a mid-year financials update to track/report actual customer load demand and revenue during the year and a mid-year rates review to evaluate any needs for mid-year rate adjustments.

ANALYSIS

This report updates information previously provided to the Board during the June 2022 Mid-year Financials Update and August 2022 Rates Update. The section below provides updates on: (1) key factors influencing VCE Operating Budget Results and (2) 2022 Budget Update and Multi-year Outlook.

1. Key factors – Operating Budget Results

Key factors influencing the 2022 and 2023 Budget results include:

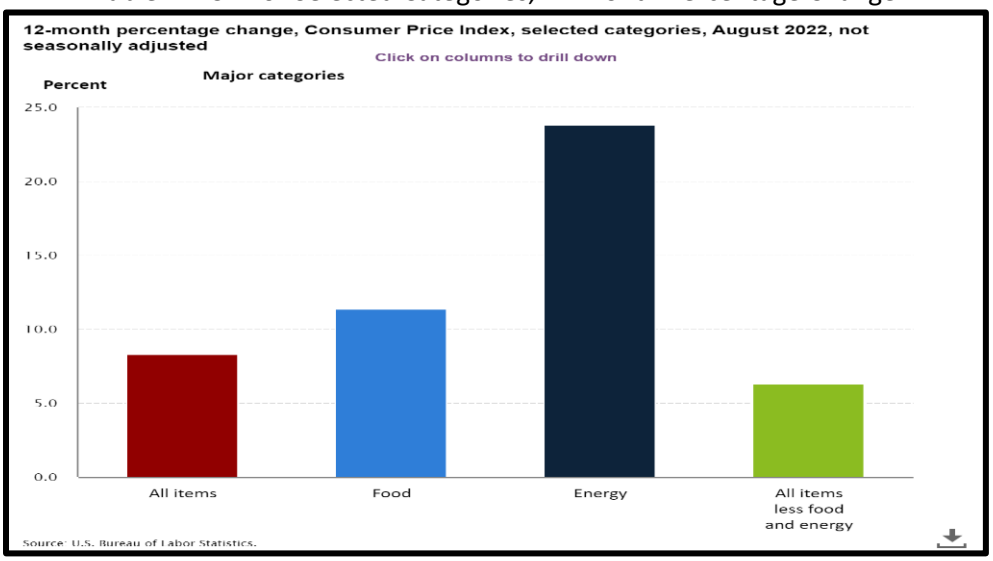
- Load Forecast. As shown in Table 1, in the first half of 2022 energy use in several sectors out-paced forecasts. For example, two large sectors showed higher than forecast energy use: (1) residential energy use (e.g. TOU transition, return to work/hybrid, heat storms, etc.), and (2) commercial energy use related to agriculture (e.g. droughts, mild winter, heat storms, etc.). Even after accounting for these factors, the 2022 actual vs. load forecast remains within 5% of the overall forecast.

Table 1 – Load Update (2022 Actuals)

Load								
Month	Res	Sm Comm	Med Comm	Lg Comm	Ind	Ag	Light	Total
1	89%	85%	94%	102%	114%	105%	89%	93%
2	89%	87%	96%	110%	119%	179%	94%	101%
3	85%	90%	95%	102%	108%	140%	100%	98%
4	89%	91%	101%	100%	106%	127%	107%	101%
5	104%	97%	96%	106%	103%	109%	117%	104%
6	108%	99%	96%	102%	97%	121%	116%	108%

- Power Prices. Average forward market power prices have increased significantly in recent months due to the geopolitical climate resulting from the Ukraine conflict and multiple heat storm events. This has increased total long-term energy hedging prices for calendar year 2023 and day-ahead purchase prices in the recent months of 2022. Power prices are expected to remain at elevated levels through the remainder of 2022 and into 2023. Table 2 below helps illustrate the relative impact to energy sector prices vs. other major categories in the US economy resulting from economy wide financial impacts.

Table 2 – CPI for Selected Categories, 12 Month Percentage Change



- Supply Chain interruptions. Covid-19 pandemic impacted manufacturing and supply chains causing delays in construction and completion of renewable projects, including several large solar + storage projects under contract with VCE which are forecasted to help moderate and stabilize VCE's fixed portion of 2023 power costs. These delays have been addressed and the first of these PPA's is scheduled to come online beginning in Q2 of 2023 and the second in 2024.

As noted, high power market prices are forecast to continue into 20223 which will create downward pressure on the PCIA. Currently, based on analysis by CalCCA, staff anticipate a near zero to negative PCIA rate for 2023. The net result is revenues originally forecast for 2022 are pushed into 2023. As summarized in Section 2 below (Multi-year forecast), the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted to provide mid/long-term financial relief. These long-term renewable contracts will also have rate stabilization effects while significantly increasing VCE's renewable content.

2. Operating Budget Update (2022)

As presented to the Board in July, VCE experienced a $4.2M decline in net income compared to Budget through June 2022. This resulted in a revised net estimated income of $13.3M for 2022. Based on the most recent financials that incorporate the energy purchased during the historic September heat storm, the 2022 forecast has been revised downward by an additional $6.4 M. This second revision results in a revised net estimated income of $6.6M for 2022. As shown in Table 3 below:

Table 3 - 2022 Proforma Budget (Unaudited)

Description	APPROVED 2022 BUDGET	2022 Proforma (6 Month Actuals + 6 Month Budget)	Variance
Revenue	$ 89,750	$ 86,760	$ (2,990)
Power Cost	$ 66,990	$ 75,050	$ (8,060)
Other Expenses	$ 5,292	$ 5,080	$ 212
Net Income	$ 17,468	$ 6,630	$ (10,838)

2022 Operating Budget Key Factors:

- Power Costs and September heat storm. September energy demand resulting from the historic 10-day heat storm exceeded load hedges that required additional purchases in the relatively expensive day-ahead energy market for an additional $5M+. Generally, rising power costs since early 2022 account for the remainder of the power cost variance from the forecast.

- Budgeted revenues. The 2022 Budget incorporated revenues associated with extreme temperatures and drought conditions. These revenues have not fully materialized in the actuals for 2022. The primary revenue variance is related to June, which was relatively mild when compared to expected energy usage and revenues. Staff will continue to evaluate the revenue forecasting model to normalize the accuracy of future forecasts.

Multi-Year Forecast

As presented to the Board in July, for the three years from 2023 to 2025, staff forecasted a total of $47M net income for 2023-25. Based on the most recent information/analysis from CalCCA and MRW, staff have increased the total 3-year net income forecast from $47M to $50M. This is due primarily to lower PCIA over the period. Staff believes this is a cautious forecast based on current expectations from CalCCA and analysts for 2023 which will be calibrated again in mid-October when PG&E releases its latest 2023 rates and PCIA forecast.

Table 4 below summarizes the preliminary long-term financial forecast. As shown in the table, the loss in net income during 2022 would be recovered by the end of 2023 through a reduced PCIA. Table 4 incorporates this latest information, showing a total of $50M for 2023-25 and $22M ($10.1M Increase) for 2023. The 2023-2025 net increase of $3M over the July estimate includes a 5% power cost contingency of $8.3M.

Table 4 – Multi-Year Forecast

	Actuals				2022 Proforma (8 Month Actuals + 4 Month Budget)	Preliminary Forecast*		
Description	FY2019	FY2020	FY2021	FY2022	2022	2023	2024	2025
Customer Revenue	51,035	55,249	54,657	29,366	86,760	96,800	73,500	71,050
Power Cost	38,540	41,538	54,234	30,139	75,050	68,880	53,500	50,820
Other Expenses	3,850	4,346	4,267	2,285	5,080	5,938	6,100	6,178
Net Income	8,646	9,365	(3,844)	(3,058)	6,630	21,982	13,900	14,052

* The Multi-Year Forecast includes a 60% PCIA decrease in 2023 with no rate changes. This forecast is based on analysis by CalCCA and MRW, discounted based on power and PCIA volatility in previous years.

Multi-Year Forecast - Operating Budget Key Factors:

- Resource Adequacy (RA). Rising RA costs for calendar year 2023 may have additional negative fiscal impacts on VCE. SMUD is currently filling VCE's remaining 10% open RA positions for 2023. These costs will be incorporated into the draft budget that will be presented to the Board at its November meeting.

- Long-term power contracts (PPAs). When VCE's two largest PPA's begin full deliveries in 2023, approximately 60% of VCE's load will met with lower cost energy and RA. This amount grows to 80%+ by 2024. This trend toward more stable power costs is shown in the updated multi-year forecast table above.

CONCLUSION

Staff will present the 2023 preliminary draft budget to the Board in November. The draft budget will incorporate financial results from September and PG&E's forecasts from its annual rate and PCIA proceeding with the CPUC. Though the table above indicates continued profitability and building of reserves for our credit rating in 2023 and 2024, staff notes that there continues to be likely climate related impacts (heat/drought) and market volatility that may change or delay expected results. Staff will also be presenting the Rate Adjustment System in December to assist in normalizing any customer rate impacts from such events.