



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, November 9, 2023 at 5:30 p.m.
City of Woodland Council Chambers
300 First Street, Woodland, California 95695**

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

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

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

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

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

Video/teleconference information below to join meeting:

Join meeting via Zoom:

- a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.**

(If your device does not have audio, please also join by phone.)

<https://us02web.zoom.us/j/82248708219>

Meeting ID: 822 4870 8219

- b. By phone**

One tap mobile:

+1-669-900-9128,, 82248708219# US

+1-669-444-9171,, 82248708219# US

Dial:

+1-669-900-9128 US

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Meeting ID: 822 4870 8219

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

Board Members: Tom Stallard (Chair, City of Woodland), Lucas Frerichs (Vice Chair, Yolo County), Jesse Loren (City of Winters), Will Arnold (City of Davis), Mayra Vega (City of Woodland), Albert Vallecillo (City of Winters), Bapu Vaitla (City of Davis)

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

5:30 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 agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

- 3. Approve October 12, 2023 Board meeting Minutes.**
- 4. Receive 2023 Long Range Calendar.**
- 5. Receive financial update: September 30, 2023 (unaudited) financial statement.**
- 6. Receive November 1, 2023 Regulatory update provided by Keyes & Fox.**
- 7. Receive Community Advisory Committee October 26, 2023 meeting summary.**
- 8. Amend Valley Clean Energy's Joint Powers Authority agreement and adopt a Board Compensation and Reimbursement Policy.**
- 9. Ratify via Resolution VCE's participation/application in Electric Autonomous Tractor Swarms (EATS).**
- 10. Approve 2024 Legislative Platform.**

REGULAR AGENDA

11. **Receive 2024 Operating Budget update.**
12. **Approve VCE's updated Net Energy Metering Policy in consideration of Net Billing Tariff (NBT)/Solar Billing Plan (SBP).**
13. **Receive information on 2022 Power Content Label outreach.**
14. **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.
15. **Announcement/Adjournment:** The Board's next regular meeting is scheduled for Thursday, December 14, 2023 at 5:30 p.m. at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616.

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

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

Verbal public participation during the meeting:

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

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

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 3

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from October 12, 2023 meeting
DATE: November 9, 2023

RECOMMENDATION

Receive, review and approve the attached October 12, 2023 meeting Minutes.

Attachment: 10/12/23 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, OCTOBER 12, 2023**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, October 12, 2023 at 5:30 p.m. to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. VCE Chair Tom Stallard established that there was a quorum present and began the meeting at 5:35 p.m.

Board Members Present: Tom Stallard, Jesse Loren, Mayra Vega, Bapu Vaitla, Albert Vallecillo (alternate – City of Winters)

Members Absent: Will Arnold, Angel Barajas (alternate - Yolo County)

Welcome Chair Stallard welcomed the Board members.

Public Comment – General and Consent Chair Stallard opened the floor for public comment on both the agenda and Consent agenda items. There were no verbal or written public comments.

Approval of Consent Agenda Motion made by Director Vega to approve the consent agenda items, seconded by Director Vallecillo (alt.). There was no verbal or written public comments. Motion passed with Directors Arnold and Barajas (alt.) absent. The following items were:

3. Approved proclamations recognizing service of CAC Members;
4. Approved September 14, 2023 Board meeting Minutes;
5. Received 2023 Long Range Calendar;
6. Received financial updates: A) June 30, 2023; B) July 31, 2023; and C) August 31, 2023 (unaudited) financial Statements.
7. Received Legislative update provided by Pacific Policy Group;
8. Received September 2023 Regulatory update dated October 4, 2023 provided by Keyes & Fox;
9. Received Community Advisory Committee September 28, 2023 meeting summary;
10. Received Customer Participation update;
11. Received SACOG – Electrify Yolo Grant update;
12. Received update on VCE’s compliance with the California Energy Commission’s Market Informed Demand Automation Server (MIDAS) rates upload; and,
13. Received information on Board member meeting stipends.



Item 14:
Introduction of
REACH Strategies,
VCE’s marketing
and outreach
consultant
(Information)

Mr. Sears introduced this item. Amanda Scarborough and Michelle Davis from REACH Strategies, VCE’s marketing and outreach consultant, were present. Ms. Scarborough reviewed highlights of their services: branding efforts, community engagement support, residential marketing, digital resources, commercial marketing, press and media relations, regulatory/stakeholder efforts, and project management.

The Board briefly discussed: experience of REACH working in Spanish speaking community, diversity within each community and messaging to those communities. There were no verbal or written public comments.

Item 15: Receive
Legislative End of
Session update.
(Information)

Mr. Sears introduced this item and Mark Fenstermaker of Pacific Policy Group, VCE’s lobbyist consultant. Mr. Fenstermaker provided an overview of the legislation session highlighting changes in legislative leadership, budget, and bonds; provided a summary and status of Assembly Bill 1373 (Garcia) on Central Procurement Entity; and, highlighted Climate Bond, Clean Energy Reliability Investment Program Funding, Hydrogen Policy and Regional Grid. There were no verbal or written public comments.

Item 16: Receive
2023 Operating
Budget update and
2024 Preliminary
Operating budget.
(Information)

VCE Staff Edward Burnham provided an overview of key factors influencing short-term operating budgets, 2023 financials update, and 2024 preliminary budget and multi-year forecast update.

The Board discussed: load and energy use, Resource Adequacy (RA) supply, demand, and costs, budget revenue and expenditures, and bond rating. There were no verbal or written public comments.

Item 17: Receive
update on 3-Year
Programs Plan and
introduction 2024
Program concepts.
(Information)

Mr. Sears introduced this item. VCE Director of Customer Care & Outreach Rebecca Boyles provided an overview of the strategies and priorities of the 3-Year Programs Plan, including active pilot and educational programs 1) promoting electrification of transportation, residential and commercial buildings; 2) encourage and incentivize energy efficiency, demand response flexibility and resilience; and, introduced 2024 program concepts: video bill explainer and customer concierge services. There were no verbal or written public comments. The Board discussed whether the concierge service would be available in Spanish.



Item 18: Board
Member and Staff
Announcements

Chair Stallard recognized the service of Gerry Braun, Christine Shewmaker and Kristin Jacobs on the Community Advisory Committee. Many thanks for all of their hard work and contributions.

Mr. Sears and Chair Stallard attended the Yolo County Board of Supervisors meeting where the Board of Supervisors voted on the Gibson project moving forward.

Announcement /
Adjournment

Chair Stallard announced that the Board's next scheduled regular meeting is on Thursday, November 9, 2023 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. Chair Stallard adjourned the regular Board meeting at 6:34 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

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

DATE: November 9, 2023

Recommendation

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

Attachment: 2023 Board and CAC Long Range Calendar

VALLEY CLEAN ENERGY
2023 Meeting Dates and *Proposed* Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 12, 2023 Special Meeting scheduled for January 19, 2023 (3 rd Thursday) (REMOTE)	Board	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2023 (Annual) • Brown Act / AB 2449 – New Legislation on Teleconferencing Meetings • 2022 Year End Review: Customer Care and Marketing • Support Legislation to extend sunset (BioMAT program) • Long-term Power Portfolio Update • Quarterly Customer Participation Update 	<ul style="list-style-type: none"> • Action • Nominations • Discussion/Action • Information • Action • Information • Information
January 26, 2023 (REMOTE)	Advisory Committee	<ul style="list-style-type: none"> • Legislative Summary/Update (Pacific Policy Group) • 2023 Customer Rate update • Forecasting Customer Ag Energy using hydrological conditions (research results) presentation • Task Group Formation • Quarterly Customer Participation Update 	<ul style="list-style-type: none"> • Information • Information • Information • Discussion/Action • Information
February 9, 2023 (IN PERSON)	Board (Davis)	<ul style="list-style-type: none"> • Legislative & Regulatory Updates • Update on 2023 PCIA and Rates • Update on SACOG Grant – Electrify Yolo • Strategic Plan Update (Annual) • Enterprise Risk Oversight Committee (EROC) proposed modifications 	<ul style="list-style-type: none"> • Information • Information • Information • Information • Discussion/Action
February 23, 2023 (Remote)	Advisory Committee	<ul style="list-style-type: none"> • Strategic Plan update (Annual) • Update on 2023 PCIA and Rates 	<ul style="list-style-type: none"> • Information/Discussion • Information
March 9, 2023 (IN PERSON)	Board (Woodland)	<ul style="list-style-type: none"> • Meeting cancelled due to lack of agenda items. 	

March 23, 2023 (IN PERSON)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled due to lack of agenda items. 	
April 13, 2023	Board (Davis)	<ul style="list-style-type: none"> Update on SACOG Grant – Electrify Yolo Calendar Year 2023 Audited Financial Statements (James Marta & Co.) Receive Enterprise Risk Management Report (Bi-Annual) SMUD: Amendment(s) to update Agreement 	<ul style="list-style-type: none"> Information Action Information Discussion/Action
April 27, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update EV Rebates Program 	<ul style="list-style-type: none"> Information Information/Discussion/Action
May 11, 2023	Board (Woodland)	<ul style="list-style-type: none"> Meeting cancelled. 	
May 25, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled due to schedule conflict. 	
June 8, 2023 Meeting Cancelled 5-Year Anniversary Celebration and Special Board meeting: June 15, 2023	Board (Davis) Veterans Memorial Center	<ul style="list-style-type: none"> Re/Appointment of Members to Community Advisory Committee (Annual) Customer Participation Update EV Rebates Program Mid-Year 2023 Financial Update VCE's 5-Year Anniversary 	<ul style="list-style-type: none"> Action Information Discussion/Action Information Information
June 22, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Dividend and Programs Allocation Strategic Plan update (Guidelines) Power Procurement / Renewable Portfolio Standard Update 80% Renewable by 2030 Policy. (<i>placeholder</i>) 	<ul style="list-style-type: none"> Discussion Discussion Information Discussion/Action
July 13, 2023	Board (Woodland)	<ul style="list-style-type: none"> Status of SACOG Grant – Electrify Yolo Customer Participation Update Customer Dividend and Programs Allocation Strategic Plan update (Guidelines) Power Portfolio Renewable Content (<i>placeholder</i>) 80% Renewable by 2030 Policy. (<i>placeholder</i>) 	<ul style="list-style-type: none"> Information/Discussion/Action Information Discussion/Action Discussion/Action Information/Discussion Discussion/Action

July 27, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Meeting cancelled. 	
August 10, 2023	Board (Davis)	<ul style="list-style-type: none"> Meeting cancelled. 	
August 24, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update Strategic Plan Draft Programs Update 	<ul style="list-style-type: none"> Information Discussion/Action Discussion/Action
September 14, 2023	Board (Woodland)	<ul style="list-style-type: none"> Certification of Standard and UltraGreen Products / 2022 Power Content Label (Annual) Enterprise Risk Management update (Bi-annual) Strategic Plan final draft Renewable Product Content Category options Electric Vehicle Rebate Program – Phase 2 	<ul style="list-style-type: none"> Action Information Discussion/Action Discussion/Action Discussion/Action
September 28, 2023	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Progress update on 3-Year Programs Plan and Introduction to 2024 Program concepts 	<ul style="list-style-type: none"> Information/Discussion
October 12, 2023	Board (Davis)	<ul style="list-style-type: none"> Update on SACOG Grant – Electrify Yolo 2023 Operating Budget update and 2024 preliminary Operating Budget Customer Participation Update Progress update on 3-Year Programs Plan and 2024 program concepts Legislative End of Session update 	<ul style="list-style-type: none"> Information Information Information Discussion/Action Information
October 26, 2023	Advisory Committee (Davis)	<ul style="list-style-type: none"> Update on 2022 Power Content Label Customer Participation Update Review CAC Task Group Year-end Reports Draft 2024 Legislative Platform Solar Billing Plan (SBP)/ Net Billing Tariff (NBT) 	<ul style="list-style-type: none"> Information Information Discussion Discussion/Action Discussion
November 9, 2023	Board (Woodland)	<ul style="list-style-type: none"> 2024 Operating Budget Update 2024 Legislative Platform Solar Billing Plan (SBP)/ Net Billing Tariff (NBT) 	<ul style="list-style-type: none"> Information/Discussion Discussion/Action Discussion/Action

November 23, 2023 November 16, 2023 (rescheduled to November 16 th due to the Thanksgiving holiday on Nov. 23 rd .)	Advisory Committee (Woodland, Cache Creek Room, 292 W. Beamer St.)	<ul style="list-style-type: none"> GHG Free Attributes Legislative End of Session update 2024 Budget Update/Preview 	<ul style="list-style-type: none"> Information Information Information
December 14, 2023	Board (Davis)	<ul style="list-style-type: none"> Approve 2024 Operating Budget (Annual) and 2024 Customer Rates GHG Free Attributes Receive CAC Year-end Task Group Reports 2023 Year End Review: Customer Care and Marketing 	<ul style="list-style-type: none"> Discussion/Action Action Discussion Information
December 28, 2023 (rescheduled to December 21, 2023)	Advisory Committee (Winters, Community Center – Main Hall)	<ul style="list-style-type: none"> 2024 CAC Task Group(s) formation (Annual) Election of Officers for 2024 (Annual) Power Procurement / RPS update 	<ul style="list-style-type: none"> Discussion/Action Nominations Information
January 11, 2024	Board (Woodland)	<ul style="list-style-type: none"> Oaths of Office for Board Members (Annual - new Members only) Election of Officers for 2024 (Annual) Customer Participation Update 	<ul style="list-style-type: none"> Action Nominations Information
January 25, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Rates/Budget 2024 update 	<ul style="list-style-type: none"> Information

Notes: 1. CalCCA Annual Meeting scheduled for April 16-19, 2024 (San Jose).

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<u>ESTIMATED MEETING DATE(S)</u>
Strategic Plan (Annual Report) to Board and CAC	February 2024
Electric Vehicle Rebate Program – Phase 2	TBD
AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works (Information)	TBD
Regionalization (Information)	TBD
Self Generation Incentive Program (SGIP)	
Agri-voltaics (for information only)	
Legislative Items (as needed)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Board of Directors

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

SUBJECT: Financial Update – September 30, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending September 30, 2023

DATE: November 9, 2023

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of September 1, 2023 to September 30, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending September 30, 2023.

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 September 30, 2023.

Financial Statements for the period September 1, 2023 – September 30, 2023

In the Statement of Net Position, VCE, as of September 30, 2023, has a total of \$17,595,420 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,800,000 restricted assets related to supplier deposits, and \$2,588,904 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of September 30, 2023 a total of \$9,987. 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 \$134,550 and a long-term portion of 181,284. On September 30, 2022, VCE's net position was \$22,140,585.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 8,892,110 of revenue (net of allowance for doubtful accounts), of which \$11,012,340 was billed in September, and \$4,297,193 represent estimated unbilled revenue. The cost of electricity for the September revenue totaled \$8,781,428. For September, VCE's gross margin was approximately 1% and the net income totaled \$348,274. The year-to-date change in net position was 11,565,170.

In the Statement of Cash Flows, VCE cash flows from operations were \$4,470,340 due to September cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending September 30, 2023

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

- Electric Revenue – (\$8,494,066) and -10% – Unfavorable variance due to revenue model (January-2023) and retail load variance lower than forecasted due to mild winter and spring.
- Purchased Power – \$2,032,422 and 4% – Favorable variance due to gas prices driving short-term power market increases during winter off-set by lower load than forecasted.
- Wholesale Energy Services – (\$329,340) and 44% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.
- Credit Support Services (SMUD) – \$101,327 and 40% favorable variance related to lower retail load than forecasted due to mild winter and summer.
- Operational Support Services (SMUD) – (\$90,329) and -188% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.
- Legal General Counsel – \$105,320 and 88% favorable variance related to lower operational support requirements than budgeted.
- Strategic Plan Implementation – \$73,947 or 68% favorable variance due to timing difference.
- Contingency – (\$160,00) and (100%) – favorable variance to budget is due to not having a need yet to utilize the contingency funds set aside in the budget.

Attachments:

- 1) Financial Statements (Unaudited) September 1, 2023 to September 30, 2023 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending September 30, 2023



VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2023

PREPARED ON NOVEMBER 3, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	17,595,420
Accounts receivable, net of allowance		14,886,596
Accrued revenue		(21,664)
Prepaid expenses		94,123
Other current assets and deposits		2,227,703
Total current assets		<u>34,782,178</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		2,588,904
Total restricted assets		<u>3,688,904</u>
TOTAL ASSETS	\$	<u>38,471,082</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	366,866
Accrued payroll		60,116
Interest payable		1,108
Due to member agencies		9,987
Accrued cost of electricity		6,860,212
Other accrued liabilities		2,028,688
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		52,567
Limited Term Loan		134,550
Total current liabilities		<u>11,314,094</u>

Noncurrent liabilities

Term Loan- RCB		181,284
Total noncurrent liabilities		<u>181,284</u>
TOTAL LIABILITIES	\$	<u>11,495,378</u>

NET POSITION

Net position:

Local Programs Reserve	\$	224,500
Restricted		3,688,904
Unrestricted		23,062,300
TOTAL NET POSITION	\$	<u>26,975,704</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF SEPTEMBER 1, 2023 TO SEPTEMBER 30, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 8,892,110	\$ 69,885,077
Other revenue	-	631,219
TOTAL OPERATING REVENUES	8,892,110	70,516,295.78
OPERATING EXPENSES		
Cost of electricity	8,781,428.00	54,074,363.61
Contract services	211,023.00	2,468,338.14
Staff compensation	120,796.00	1,063,927.35
General, administration, and other	161,132.37	1,520,857.61
TOTAL OPERATING EXPENSES	9,274,379.37	59,127,486.71
TOTAL OPERATING INCOME (LOSS)	(382,269.00)	11,388,809.00
NONOPERATING REVENUES (EXPENSES)		
Interest income	35,103	189,791
Interest and related expenses	(1,108)	(13,431)
TOTAL NONOPERATING REVENUES (EXPENSES)	33,995	176,360
CHANGE IN NET POSITION	(348,274)	11,565,170
Net position at beginning of period	27,323,978	15,410,534
Net position at end of period	\$ 26,975,704	\$ 26,975,704

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING SEPTEMBER 30, 2023</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 11,336,842.00	\$ 69,539,329.78
Payments received from other revenue sources	-	631,219
Payments to purchase electricity	(6,276,465)	(51,823,177)
Payments for contract services, general, and administration	(474,234)	(3,294,419)
Payments for staff compensation	(115,803)	(1,120,096)
Other cash payments	-	(268,507)
Net cash provided (used) by operating activities	<u>4,470,340</u>	<u>13,932,857</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(44,558)	(215,134)
Interest and related expenses	(1,107)	(14,566)
Net cash provided (used) by non-capital financing activities	<u>(45,665)</u>	<u>(229,700)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	35,103	189,790
Net cash provided (used) by investing activities	<u>35,103</u>	<u>189,790</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	4,459,778	13,624,440
Cash and cash equivalents at end of period	<u>16,824,546</u>	<u>70,769,086</u>
	<u>21,284,324</u>	<u>84,393,526</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	17,595,420	17,595,420
Restricted assets	3,688,904	3,688,904
Cash and cash equivalents at end of period	<u>\$ 21,284,324.00</u>	<u>\$ 21,284,324.00</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING SEPTEMBER 30, 2023</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (382,269)	\$ 11,388,809
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		
(Increase) decrease in net accounts receivable	163,436	(3,801,509)
(Increase) decrease in accrued revenue	2,265,479	3,452,061
(Increase) decrease in prepaid expenses	14,154	(94,123)
(Increase) decrease in other assets and deposits	-	(268,507)
Increase (decrease) in accounts payable	16,466	(32,667)
Increase (decrease) in accrued payroll	4,993	(56,169)
Increase (decrease) in due to member agencies	650	(196,457)
Increase (decrease) in accrued cost of electricity	2,504,963	2,251,187
Increase (decrease) in other accrued liabilities	(133,349)	1,018,024
Increase (decrease) in user taxes and energy surcharges	15,817	3,701
Net cash provided (used) by operating activities	<u>\$ 4,470,339.63</u>	<u>\$ 13,664,350.07</u>

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 09/30/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 74,203,934	\$ 82,698,000	\$ (8,494,066)	-10%
Other Revenues - Programs	\$ 631,219	\$ 495,000	\$ 136,219	28%
Interest Revenues	\$ 189,790	\$ 31,500	\$ 158,290	503%
Purchased Power	\$ 53,998,578	\$ 56,031,000	\$ 2,032,422	4%
Purchased Power Base	\$ 53,998,578	\$ 53,362,000	\$ (636,578)	-1%
Purchased Power Contingency 2%	\$ -	\$ 2,669,000	\$ 2,669,000	100%
Labor & Benefits	\$ 1,065,643	\$ 1,081,800	\$ 16,157	1%
Salaries & Wages/Benefits	\$ 862,082	\$ 900,000	\$ 37,918	4%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 22,500	\$ 22,500	100%
Human Resources & Payroll	\$ 203,561	\$ 159,300	\$ (44,261)	-28%
Office Supplies & Other Expenses	\$ 197,924	\$ 159,600	\$ (38,324)	-24%
Technology Costs	\$ 34,278	\$ 32,700	\$ (1,578)	-5%
Office Supplies	\$ 8,674	\$ 1,800	\$ (6,874)	-382%
Travel	\$ 15,621	\$ 4,500	\$ (11,121)	-247%
CalCCA Dues	\$ 96,768	\$ 99,900	\$ 3,132	3%
CC Power	\$ 41,029	\$ 18,900	\$ (22,129)	-117%
Memberships	\$ 1,555	\$ 1,800	\$ 245	14%
Contractual Services	\$ 2,295,629	\$ 2,164,700	\$ (130,929)	-6%
Other Contract Services	\$ -	\$ 19,800	\$ 19,800	100%
Don Dame	\$ 3,276	\$ 8,100	\$ 4,824	60%
SMUD - Credit Support	\$ 153,073	\$ 254,400	\$ 101,327	40%
SMUD - Wholesale Energy Services	\$ 1,078,240	\$ 748,900	\$ (329,340)	-44%
SMUD - Call Center	\$ 644,138	\$ 626,800	\$ (17,338)	-3%
SMUD - Operating Services	\$ 138,329	\$ 48,000	\$ (90,329)	-188%
Commercial Legal Support	\$ 26,876	\$ 22,500	\$ (4,376)	-19%
Legal General Counsel	\$ 17,080	\$ 122,400	\$ 105,320	86%
Regulatory Counsel	\$ 109,896	\$ 157,500	\$ 47,604	30%
Joint CCA Regulatory counsel	\$ 25,719	\$ 25,200	\$ (519)	-2%
Legislative - (Lobbyist)	\$ 49,500	\$ 49,500	\$ -	0%
Accounting Services	\$ 10,542	\$ 21,600	\$ 11,058	51%
Financial Consultant	\$ -	\$ 31,500	\$ 31,500	100%
Audit Fees	\$ 38,960	\$ 28,500	\$ (10,460)	-37%
Marketing	\$ 240,071	\$ 198,000	\$ (42,071)	-21%
Marketing Collateral	\$ 209,289	\$ 189,000	\$ (20,289)	-11%
Community Engagement Activities & Sponsorships	\$ 30,782	\$ 9,000	\$ (21,782)	-242%
Program Costs	\$ 890,806	\$ 625,500	\$ (265,306)	-42%
Program Costs	\$ 124,301	\$ 130,500	\$ 6,199	5%
Programs - EV	\$ 115,105	\$ -	\$ (115,105)	100%
Programs - AgFIT	\$ 642,428	\$ 495,000	\$ (147,428)	-30%
Programs - Heat Pump	\$ 8,972	\$ -	\$ (8,972)	100%
Rents & Leases	\$ 21,426	\$ 19,800	\$ (1,626)	-8%
Hunt Boyer Mansion	\$ 21,426	\$ 19,800	\$ (1,626)	-8%
Other A&G	\$ 342,129	\$ 415,250	\$ 73,121	18%
Development - New Members	\$ -	\$ 18,900	\$ 18,900	100%
Strategic Plan Implementation	\$ 34,053	\$ 108,000	\$ 73,947	68%
PG&E Data Fees	\$ 198,748	\$ 207,000	\$ 8,252	4%
Insurance	\$ 26,460	\$ 8,550	\$ (17,910)	-209%
Banking Fees	\$ 82,868	\$ 72,800	\$ (10,068)	-14%
Miscellaneous Operating Expenses	\$ 2,311	\$ 600	\$ (1,711)	-285%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
TOTAL OPERATING EXPENSES	\$ 59,054,517	\$ 60,716,250	\$ 1,661,733	3%
Interest on RCB loan	\$ 13,431	\$ 14,800	\$ (1,369)	-9%
Interest Expense - Bridge Loan	\$ -	\$ 40,000	\$ (40,000)	-100%
NET INCOME	\$ 15,956,995	\$ 22,453,450	\$ (6,496,455)	-29%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: November 9, 2023

Please find attached Keyes & Fox's October 2023 Regulatory Memorandum dated November 1, 2023 an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated November 1, 2023.

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: November 1, 2023

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

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. VCE is a party to this proceeding as its scope relates to VCE's AgFIT dynamic rates Pilot. Phase 1-Track A will establish an income-graduated fixed charge for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and is now considering broad expansion of VCE's AgFIT Pilot.

Recent Developments: Opening briefs on Track A income-graduated fixed charges were filed October 6. VCE and other parties filed reply comments on the Track B Staff Proposal to expand AgFIT on October 9. VCE and other parties filed supplemental information on budgets for the expanded AgFIT pilot on October 13, and surreply comments on the Staff Proposal on October 25. Track B Working Group proposals were filed on October 11.

Analysis: The Staff Proposal's Expanded Pilot #1 would open up AgFIT to all bundled and unbundled customers in PG&E territory and all types of agricultural load, lift the 5 MW cap and extend the length of this pilot by 3 years. No parties filed comments opposing Expanded Pilot #1, although certain parties are opposed to providing ratepayer funding for CCA customers energy savings achieved via the pilot. The Staff Proposal's Expanded Pilot #2 would apply the AgFIT model within PG&E territory to medium and large commercial customers and residential customers on EV charging, home battery and electric heat pump rates. While most parties now support Expanded Pilot #2, some are opposed to the costs of expanding AgFIT to such other customer classes and several parties seek to enable additional categories of demand response customers to participate in the pilots. In Track A, the gradual move towards IGFCs will provide additional time for consideration and analysis prior to full implementation of this novel approach to aligning the structure of retail electric rates with utility cost structures while recognizing the importance of access to affordable electricity and ensuring that the changes to rate structures does not disproportionately harm large numbers of ratepayers. In its Track A [opening brief](#), CalCCA recommended that the Commission reject proposals to collect both the PCIA and the Competition Transition Charge through the income-graduated fixed charge, and also recommended that the Commission require the IOUs to include CCAs in implementation-related working groups.

Next Steps: Reply briefs on Track A are due November 3. A proposed decision on the Staff Proposal to expand AgFIT is expected by early December. Comments on the Track B Working Group proposals are due November 13, and reply comments on the proposals are due December 22. In Track A, a proposed decision on income-graduated fixed charges is expected in March or April of 2024.

Additional Information: VCE [Response](#) to Track B Reply Comments (Oct. 25, 2023); VCE [Pilot Budget Information](#) (Oct. 13, 2023); VCE [Reply Comments](#) on Track B (Oct. 9, 2023); [VCE Comments](#) (Sep. 25, 2023); ALJ [Ruling](#) (Aug. 25, 2023); ALJ [Ruling](#) (Aug. 22, 2023); ALJ [Ruling](#) & [Staff Proposal](#) (Aug. 15, 2023); [D.23-04-040](#) on electric rate design principles (May 3, 2023); [D.23-04-008](#) (Apr. 14, 2023); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

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 October 16, the CPUC issued [Resolution E-5288](#), amending the Bioenergy Renewable Auction Mechanism (BioRAM) Program and authorizing the procurement and/or extension of eligible contracts pursuant to Senate Bill 1109. On October 18, the CPUC issued [D.23-10-006](#) denying the Petition for Modification (PFM) of D.20-10-005 (filed 10/8/2021) by Burning Daylight, LLC, JTN Energy, LLC, Reido Farms, LLC, and Vote Solar that requested several modifications to aspects of the Renewable Market Adjusting Tariff (ReMAT).

Analysis: Resolution E-5288 requires PG&E, SCE, and SDG&E to procure or extend BioRAM contracts through financial commitments of 5 to 15 years by December 1, 2023 for biomass facilities that were operating in 2022 partly as a means of removing forest materials from high-hazard zones. The Resolution is expected to result in new and/or extended energy procurement contracts which will lead to increased ratepayer costs through a non-bypassable charge established in D.18-12-003, although actual costs are not currently known.

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

Additional Information: [D.23-10-006](#) (Oct. 18, 2023); [Resolution E-5288](#) (Oct. 16, 2023); SDG&E [VAMO Report](#) (Oct. 2, 2023); PG&E [VAMO Report](#) (Sep. 28, 2023); SCE [VAMO Report](#) (Sep. 21, 2023); VCE [Updated Draft 2023 RPS Procurement Plan](#) (Aug. 29, 2023); [D.23-08-003](#) (Aug. 17, 2023); [Ruling](#) (Jun. 12, 2023); [Assigned Commissioner's Ruling](#) (May 5, 2023); VCE's [Amended Final 2022 RPS Procurement Plan](#) (May 2, 2023); [D.22-11-021](#) (Nov. 18, 2022); [Scoping Memo](#) (Apr. 6, 2022); Docket No. [R.18-07-003](#).

IRP Rulemaking

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

Recent Developments: On October 5, the ALJ issued a [Ruling](#) seeking comment on the 2023 Preferred System Plan (PSP) and Transmission Planning Process Portfolios. Based on the scenarios developed using the aggregated results of the LSEs' individual IRPs filed in November 2022, this ruling recommends the Commission adopt the aggregated portfolio based on planning to a greenhouse gas (GHG) target for the electricity sector of 25 million metric tons (MMT) by 2035, which is the lower of the two targets the LSEs were directed to plan for in D.22-02-004. This ruling also presents analysis related to the consideration of two petitions for modification (PFMs) of the mid-term reliability (MTR) decisions.

The Commission withdrew from the October 12 meeting agenda the August 24 [Proposed Decision](#) which would deny the [Petition for Modification](#) of [D.22-05-015](#) filed jointly by San Diego Clean Power and Clean Energy Alliance on October 28, 2022 that requested modification of the provision in D.22-05-015 allowing a one-time purchase of resource adequacy capacity to account for load migration to CCAs in between the issuance of D.19-11-016 and D.22-05-015. The Petition sought to use the year-ahead load forecast as the basis for determining the resource adequacy capacity available via the one-time purchase rather than the actual load being served at the time D.22-05-015 was issued.

Analysis: Once adopted, the PSP will be used by the Commission to order procurement by individual LSEs in specified resource types and quantities and sent to the CAISO for analysis in its 2024-2025 Transmission Planning Process (TPP). Under the more aggressive 25 MMT Core portfolio proposed for adoption in the Ruling, the PSP projects 37.9 GW of net new capacity by 2030, 57.5 GW of net new capacity by 2035, and 110.1 GW of net new capacity by 2045. Solar and battery storage (including both 4- and 8-hour) represent more than two-thirds of projected capacity additions. The PFM of D.21-06-035 requests a two-year extension of the 2024 and 2025 deadlines for procurement of resources intended to partially offset the loss of the Diablo Canyon Power Plant. The PFM of D.23-02-040 requests that the 2028 deadline for procurement of long lead-time (LLT) resources be extended for up to 3 years to 2031. The ruling proposes that if the LLT resource extension is granted, that LSEs be required to procure 2,000 megawatts (MW) of replacement clean energy capacity in 2028.

Next Steps: Comments on the Ruling proposing the 2023 PSP are due by November 13 and reply comments are due December 1. A proposed decision on the May 30 Petition for Modification regarding long lead-time resource compliance deadlines is expected during the third quarter. A staff proposal on the Reliable and Clean Power Procurement Plan was expected to be released during the third quarter but has been delayed. In Q4, the Commission will analyze the need for backstop procurement under D.19-11-016. VCE's next IRP will be due in November 2024.

Additional Information: ALJ [Ruling](#) (Oct. 5, 2023); [Proposed Decision](#) (Aug. 24, 2023); [Scoping Memo and Ruling](#) (Aug. 21, 2023); [Joint Expedited Petition for Modification](#) (Aug. 9, 2023); [Petition for Modification](#) (May 30, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); ALJ [Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper](#) (Sep. 8, 2022); [D.22-05-015](#) (May 23, 2022); [D.21-06-035](#) (Jun. 30, 2021); [Scoping Memo](#) (Sep. 24, 2020); Docket No. [R.20-05-003](#).

NEW RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework.

Recent Developments: On October 16, the Commission issued the [Order Instituting Rulemaking](#) (OIR) for this successor RA proceeding that continues the previous RA proceeding (R.21-10-002), establishes forward RA procurement obligations applicable to LSEs beginning with the 2025 compliance year, and considers structural reforms to the RA program. On October 27, the ALJ issued a [Ruling](#) rescheduling the prehearing conference to November 21.

Analysis: The 2024 RA year is the final year of the current RA system and the test year for the SOD RA system that will formally begin with the 2025 RA year. The preliminary scope for this proceeding includes issues such as the adoption of local and flexible capacity requirements, potential modifications to the Loss of Load Expectation Study and Planning Reserve Margin, potential modifications to the SOD framework, and potential modifications to the RA penalty structure, among other issues.

Next Steps: The prehearing conference is scheduled for November 21. A scoping memo and ruling are expected to be issued in December. Party proposals on the Loss of Load Expectation Study and the SOD framework are due January 19, 2024. An Energy Division report on the SOD Framework is due by February 1 and will be followed by workshops later in February. Comments on party proposals are due February 23 and reply comments are due March 8.

Additional Information: ALJ [Ruling](#) (Oct. 27, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

RA Rulemaking (2023-2024)

Background: This proceeding considers resource adequacy (RA) requirements in years 2023-2024 for LSEs and introduced the Central Procurement Entity (CPE) to ensure grid reliability and sufficient capacity. The proceeding is divided into an implementation track and a reform track.

Recent Developments: On September 19, PG&E submitted the 2023 Annual Compliance Report for its Central Procurement Entity (CPE) as [AL 7027-E](#) showing the PG&E CPE has a negative (i.e., under-procurement) net local RA position in all months of the years from 2024-2026. On September 28, the Energy Division announced the release of the final 2024 RA Guide and templates on the RA Compliance [website](#). On September 22, the demand response providers filed comments fully supporting CLECLA's [Petition for Rehearing](#) which raised concerns regarding the recent changes to Base Interruptible Program dispatch.

Analysis: The 2024 RA year is the final year of the current RA system and the test year for the slice-of-day RA system that will formally begin with the 2025 RA year. No significant changes were made to the RA templates or filing guide for the 2024 RA year. The CLECLA Petition seeks modifications to D.23-06-029's changes to emergency demand response dispatch procedures primarily to ensure that emergency demand response resources are only dispatched in response to actual events. The requested modifications would reduce the level of confusion and avoid unnecessary financial harm to program participants. The Commission has not yet issued a Proposed Decision on CalCCA's Application for Rehearing of D.23-06-029, which contested the Commission's 2-year ban on CCA expansion as a result of RA deficiencies.

Next Steps: D.23-06-029 closed the proceeding, but it has been reopened to address the Petitions for Modification and Applications for Rehearing.

Additional Information: Demand Response providers' [Response](#) (Sep. 22, 2023); PG&E [AL 7027-E](#) (Sep. 19, 2023); CLECA [Petition for Rehearing](#) (Aug. 24, 2023); Demand Response providers' [Application for Rehearing](#), [Joint Motion for Rehearing](#), [Motion for Partial Stay](#) (Aug. 4, 2023); CalCCA [Application for Rehearing](#) of D.23-06-029 (Jul. 26, 2023); [D.23-06-029](#) (Jul. 5, 2023); [D.23-04-010](#) on Reform Track Phase 2 (Apr. 7, 2023); [D.22-12-028](#) (Dec. 19, 2022); [Amended Scoping Memo and Ruling](#) (Sep. 2, 2022); Docket No. [R.21-10-002](#).

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program, 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: On October 9, in response to a Ruling directing the IOUs to file multi-property tariffs, the IOUs filed updated versions of the Community Microgrid Enablement [Tariff](#) (CMET). In PG&E's version, modifications were made to make the Community Microgrid Pre-Application Report optional, remove the Microgrid Pre-Application Study requirement, and to require at least one Grid-Forming Project Resource with black-start capability. PG&E submitted [AL 7042-E](#) providing its CMET modifications and its Pro Forma Microgrid Operating Agreement on October 11. PG&E also provided notice of its updated Microgrid Incentive Program (MIP) [Handbook](#) and microgrid [website](#) on October 12. On October 23, the Assigned Commissioner and ALJ issued a [Ruling](#) that amends the Track 5 schedule of activities for this proceeding to permit parties to propose their own multi-property microgrid tariff by November 9. Comments on the IOUs' multi-property tariffs were filed on October 27. On October 31, the Microgrid Resources Coalition and other stakeholders filed a motion to extend the deadline for the filing of other stakeholders' multi-property microgrid tariff proposals to January 22, 2024.

Analysis: The Multi-Property Microgrid Tariff is intended to reduce barriers to microgrid deployment and enable microgrids to increase resiliency by allowing local generation and storage resources to be used in participating areas to serve more than two real property parcels. The IOUs' proposed tariff still provides control to the IOUs over when and how microgrids operate, and as the Microgrid Resources Coalition described in its October 27 [comments](#) on the IOUs' proposal 1) denies communities local control over their energy needs, and 2) undermine the viability of the microgrid business model. The October 23 Ruling allowing stakeholders to offer their own proposed tariffs could provide additional options. The timeline offered in the Ruling was extremely short, and if the October 31 motion is granted, stakeholders would have more time to develop and propose multi-property microgrid tariffs.

Next Steps: Under the current schedule, stakeholder Pro-Forma Standard Microgrid Multi-Property Tariff proposals are due November 9, although the Joint Parties filed a Motion to amend the schedule to provide stakeholders a more reasonable amount of time to develop their own proposals. Reply comments on the IOUs' tariff proposals are due November 10. Opening comments on other stakeholders' multi-property tariff proposals are due December 8 and reply comments are due December 22. Energy Division will host a public workshop on stakeholders' tariff proposals in March 2024. The Joint Application for Rehearing is pending.

Additional Information: Joint Parties' [Motion](#) (Oct. 31, 2023); ALJ [Ruling](#) (Oct. 23, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); PG&E [AL 7042-E](#) (Oct. 11, 2023); IOUs' updated [Tariff](#) (Oct. 9, 2023); CPUC [letter](#) (Sep. 5, 2023); ALJ [Ruling](#) (Aug. 8, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [Draft Resolution M-4868](#) (Jun. 9, 2023); [Joint Application for Rehearing](#) (May 15, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); [Scoping Memo](#) (Dec. 17, 2021); Docket No. [R.19-09-009](#).

Wildfire Fund NBC 2024-2026

Background: This rulemaking will set the Wildfire Fund nonbypassable (NBC) charge for the years 2024 through 2026. This charge was established by Assembly Bill 1054 (Stats. 2019, ch. 79), and is a per-kilowatt-hour charge set annually based on the Fund's revenue requirement request from the Department of Water Resources (DWR).

Recent Developments: On October 26, the ALJ issued a [Proposed Decision](#) that would adopt a 2024 Wildfire Non-Bypassable Charge (NBC) of \$5.61/MWh, or \$0.00561/kWh.

Analysis: The projected 2024 NBC of \$5.61/MWh, or \$0.00561/kWh, is expected to produce \$889 million along with the projected \$14 million carry over from 2023, resulting in the \$902.4 million revenue requirement for 2024.

Next Steps: The Proposed Decision may be heard as early as the November 30 Commission meeting. Comments on the Proposed Decision are due November 15 and reply comments are due November 20.

Additional Information: [Proposed Decision](#) (Oct. 26, 2023); ALJ [Ruling](#) and [90-day Notice](#) (Sep. 8, 2023); [Scoping Memo and Ruling](#) (May 22, 2023); [Order Instituting Rulemaking](#) (Mar. 21, 2023); Docket No. [R.23-03-007](#).

PG&E 2023 Phase 1 GRC

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

Recent Developments: On October 10, the Assigned Commissioner issued a [Second Amended Scoping Memo and Ruling](#) that amends the recent [Scoping Memo and Ruling](#) (issued 9/5) in PG&E's Phase 1 general rate case. This ruling adjusts the schedule of Phase 2 of the proceeding but does not otherwise amend or alter the scope.

On October 30 and 31, the CPUC issued revisions to the [Proposed Decision](#) from the ALJs and the [Alternate Proposed Decision](#) from the Assigned Commissioner. On the CCAs' issues, the Proposed Decisions are identical. The revised Proposed Decisions maintained the same conclusions on the Joint CCAs' issues as in the original Proposed Decisions (although some of the reasoning was revised):

- (1) Reject the CCAs' request that the Commission re-vintage the 12 hydro assets at issue in this case;
- (2) "Decline to consider" the CCAs' proposed re-vintaging framework for use in future GRCs, but do adopt the portion of that framework requiring PG&E to submit testimony in any future GRC in which it is undertaking certain new investments in utility-owned generation (to justify its requested vintaging treatment for those investments); and
- (3) Decline to adopt the CCAs' proposed order requiring that, in future GRCs, if PG&E is seeking cost recovery for battery-related costs, it must provide testimony on the functions it proposes the batteries serve to inform its functionalization proposals.

Analysis: The CCAs submitted opening and reply comments on the Proposed Decisions, and participated in the [oral argument](#) held October 18. These Proposed Decisions are on the regular agenda for the Commission's November 2 meeting, but in the event they are held to a subsequent meeting, the CCAs plan to request another round of ex parte meetings. The Commission's revised reasoning in the Proposed Decisions is very generic and does not engage with the substance of the arguments or evidence on the record. The CCAs will be seeking to learn more about staff's process in coming to this decision and to convince staff that the revised reasoning in the Proposed Decisions is weak and unsupported.

Next Steps: The Proposed Decision and the Alternate Proposed Decision are scheduled to be heard at the November 2 Commission meeting. For the EV Phase II portion of the proceeding, rebuttal testimony is due December 8, briefs are due January 19, and a proposed decision is expected in April 2024.

Additional Information: Revised ALJs' [Proposed Decision](#) and Revised Commissioner's [Proposed Decision](#) (Oct. 30, 2023); [Second Amended Scoping Memo and Ruling](#) (Oct. 10, 2023); [Illustrative rates](#) (Sep. 27, 2023); [Scoping Memo and Ruling](#) (Sep. 5, 2023); PG&E's [Amended Application](#) (Mar. 10, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

PG&E 2024 ERRA Forecast

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

Recent Developments: The Commission has consolidated this proceeding with PG&E's ERRA Trigger Application (A.23-07-012), in which PG&E requests a six-month amortization of its unamortized ERRA balance. On October 9, the ALJ issued a [Ruling](#) that defers consideration of the fixed generation cost issues (identified in the August 1 Ruling) until after the Commission decision targeted for the December 14 meeting. In PG&E's October Update (filed October 16), the Company proposed a total revenue requirement of \$8,209,065,475, with a total average rate of \$0.16731/kWh which represents a system-wide increase of 1%, including the GHG revenue return. The proposed rate increase without the GHG revenue return is 2.5%.

Analysis: PG&E's October Update resulted in a slight increase of about \$0.001/kWh over current rates paid by CCA customers. PG&E's 2024 PCIA rates may be impacted by the resolution of its pending General Rate Case (GRC). In its October Update [testimony](#), PG&E presents the potential impacts of its GRC on rates based on the Proposed Decision issued in that proceeding. Notwithstanding the resolution of its GRC, PG&E will update its revenue requirements and rates based on November actuals before it implements its 2024 Annual Electric True-Up (AET).

Next Steps: A proposed decision is expected on November 22. Comments on the October Update as well as PG&E's ERRA Trigger Application are due November 1 and reply comments are due November 6.

Additional Information: PG&E [October Update](#) (Oct. 16, 2023); ALJ [Ruling](#) (Oct. 9, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger PG&E [Reply to Protest](#) (Aug. 15, 2023); ERRA Trigger CalCCA [Protest](#) (Aug. 10, 2023); [Scoping Memo and Ruling](#) (Aug. 3, 2023); ALJ [Ruling](#) (Aug. 1, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

PG&E 2020 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. Phase 1 of this proceeding concluded in April 2022 with issuance of [D.22-04-041](#) approving a settlement agreement. Phase 2 issues related to unrealized sales and revenues resulting from PG&E's Public Safety Power Shutoff (PSPS) events in 2020 are under consideration.

Recent Developments: On October 10, the ALJ issued a [Ruling](#) requesting comments on Phase 2 issues in PG&E's 2020 ERRA Compliance proceeding. The Ruling also provides parties an opportunity to comment on whether the Commission should close the proceeding without addressing the Phase 2 issues related to PSPS events.

Analysis: The Commission is considering closing this proceeding without addressing the Phase 2 issues. If parties do not object to the Commission closing the proceeding, the Commission intends to waive the period for public review and comments on the proposed decision that will close the proceeding.

Next Steps: No party objected to closing the proceeding without addressing Phase 2 issues, and a proposed decision is expected in the next few months.

Additional Information: ALJ [Ruling](#) (Oct. 10, 2023); [D.22-08-009](#) extending statutory deadline (Aug. 11, 2022); [Scoping Memo and Ruling](#) (Jun. 21, 2021); [Application](#) (Mar. 1, 2021); Docket No. [A.21-03-008](#).

PG&E 2021 ERRA Compliance

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

Recent Developments: PG&E filed supplemental testimony regarding unrealized sales associated with 2021 Public Safety Power Shutoff (PSPS) events on August 8. The ALJ issued an e-mail ruling amending the procedural schedule on September 27.

Analysis: N/A

Next Steps: Intervenor testimony regarding PG&E's 2021 PSPS events is due October 13 and rebuttal testimony is due October 27. The target date for a Proposed Decision is Q3 2023.

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

PG&E 2022 ERRRA Compliance

Background: The annual ERRRA 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: The ALJ issued a [Ruling](#) modifying the procedural schedule on September 25 rescheduling the evidentiary hearing and the status conference. PG&E filed its rebuttal [testimony](#) on October 26.

Analysis: N/A

Next Steps: The status conference is now scheduled for January 17, 2024 and the evidentiary hearing is now scheduled for January 24-25, 2024.

Additional Information: ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRRA Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

Transportation Electrification

Background: This rulemaking implements transportation electrification (TE) programs, tariffs, and policies. [D.22-11-040](#) established a \$1 billion rebate program for behind-the-meter EV charging equipment, focused on medium-duty/heavy-duty vehicles and disadvantaged communities and a \$25 million pilot program for innovative, equity-focused TE programs administered by CCAs and community-based organizations.

Recent Developments: On October 11, the Assigned Commissioner issued a [Proposed Decision](#) approving SCE's [Petition for Modification](#) of [D.22-11-040](#) so as to not require the IOU's contracts with the third-party program administrator of the rebate program to comply with state contracting requirements. On October 24, the ALJ issued a [Ruling](#) confirming that the International Organization for Standards 15118 standard applies to all electric vehicle supply equipment deployed in both current and future transportation electrification programs on or after July 1, 2023. On October 30, the IOUs filed a compliance report regarding the status of their EV charging infrastructure service energization process pursuant to Resolution E-5247.

Analysis: Through the end of September 2023, as described in the October Workshop Report, PG&E's performance data show 79% of projects met the 40 business days target in the design phase, 8% of projects met the 50 business days target for Dependency analysis, 19% of projects met the 45 business days target for construction, and only 24% of projects met the overall 125 business days target for end-to-end completion.

Next Steps: The program administrator contract is delayed pending adoption of the recent Proposed Decision which is on the consent agenda for the Commission's November 2 meeting.

Additional Information: IOUs [Workshop Report](#) (Oct. 31, 2023); [ALJ Ruling](#) (Oct. 24, 2023); [Proposed Decision](#) (Oct. 11, 2023); PG&E [Semi-Annual Report](#) (Sep. 15, 2023); [Resolution E-5257](#) (Sep. 6, 2023); SCE's [Motion for Clarification](#) (Jun. 7, 2023); SCE's [Petition for Modification](#) (May 25, 2023); VCE's [Annual Vehicle-Grid Integration Report](#) (Mar. 15, 2023); [D.22-11-040](#) (Nov. 21, 2022); [Scoping Memo and Ruling](#) (May 2, 2019); Docket No. [R.18-12-006](#).

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: Opening briefs on the Demand Response Auction Mechanism (DRAM) were filed on October 2.

Analysis: The opening briefs of [PG&E](#), [SCE](#), [SDG&E](#), and [CalAdvocates](#) recommend terminating the DRAM pilot and not adopting the program on a permanent basis mostly due to the lack of demonstrated competitive pricing, limited effectiveness, and the availability of other opportunities.

Next Steps: Reply briefs on Phase II DRAM issues are due November 3. A proposed decision on the DRAM is expected in January 2024, and a proposed decision is expected in October 2023 for the 2024-2027 DR Program.

Additional Information: ALJ [Ruling](#) (Aug. 24, 2023); [D.23-01-006](#) (Jan. 13, 2023); [Scoping Memo and Ruling](#) (Dec. 19, 2022); [D.22-12-009](#) (Dec. 6, 2022); [Ruling](#) consolidating Applications (May 25, 2022); PG&E [Application](#) (May 2, 2022); Docket No. [A.22-05-002](#).

PG&E Asset Transfer

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

Recent Developments: Parties filed reply briefs in this case on October 5.

Analysis: At a high level, CalCCA's briefs focused on the message that this transaction is not a good deal for ratepayers: there are no tangible ratepayer benefits of the transaction, but there will be incremental ratepayer costs; further, the transaction also presents new risks, including risks of detrimental market impacts.

Next Steps: A proposed decision is expected by the end of December.

Additional Information: PG&E [Notice](#) (Jun. 8, 2023); ALJ [Ruling](#) (Mar. 30, 2023); [Scoping Memo and Ruling](#) (Jan. 20, 2023); PG&E [Application](#) (Sep. 28, 2022); Docket No. [A.22-09-018](#).

Provider of Last Resort Rulemaking

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

Recent Developments: No recent developments in the past month.

Analysis: The Financial Security Requirement (FSR) method used in [AL 6939-E](#) will be replaced with the new approach being developed in this proceeding. Based on the Joint Case Management Statement, there is broad support for modifying the CCA FSR and Re-Entry Fees to: use the Resource Adequacy Market Price Benchmark (MPB) as proposed by the IOUs and CalCCA, use the IOU system average generation rates for residential and non-residential customers in FSR calculations as proposed by the IOUs and CalCCA, and to account for a potential mass involuntary return to POLR via CCA customers' CAM and DR RA allocations as proposed by CalCCA.

Next Steps: A proposed decision on FSR calculations is expected in October 2023.

Additional Information: [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [Joint Case Management Statement – Appendix](#) (May 26, 2023); PG&E [AL 6939-E](#) (May 10, 2023); [ALJ Ruling](#) and [Staff Proposal](#) (Jan. 6, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

Building Decarbonization

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

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

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901.

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

Additional Information: ALJ [Ruling](#) (May 8, 2023); [Draft Resolution SPD-3](#) (Sep. 16, 2022); ALJ [Ruling](#) (Sep. 13, 2022); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Other Dockets

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

Docket	Name	Status
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R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006 , but SCE filed a Petition for Modification of D.23-06-006 on September 12 requesting clarification on certain points regarding the valuation of previously banked RECs.
I.15-08-019	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, the CPUC issued D.23-05-009 adopting the Safety Policy Division's Modified Staff Report and closing the proceeding.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group.
A.20-10-011	Commercial EV Real-Time Pricing Pilot	Opt-in enrollment for the real-time pricing export compensation pilot now begins in February 2024. D.23-07-003 closed the proceeding.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summary of Community Advisory Committee October 26, 2023 Meeting

DATE: November 9, 2023

This report summarizes the Community Advisory Committee’s meeting held in person and via Zoom webinar on Thursday, October 26, 2023.

- A. Received information on 2022 Power Content Label outreach.** VCE Chief Operating Officer Gordon Samuel reviewed California’s regulations that require load serving entities to provide simple-to-understand information on the sources of energy, and the associated emission of greenhouse gases annually, through a requisite communications format termed the “Power Content Label” (PCL). He reminded those present that the Board adopted the strategy of ramping into VCE’s long-term contracts rather than relying on short-term renewable energy credits (RECs), which results in a lower renewable percentage in the early years of compliance period 4 and significantly higher in the later years. He reviewed the resource map, 2022 PCL, and the 2022 PCL Explainer.
- B. Reviewed draft 2024 Legislative Platform.** VCE Legislative and Project Specialist Yvonne Hunter provided highlights of the changes made to the draft 2024 Legislative Platform. The CAC and Staff discussed interconnection and the schedule of power purchase agreements going online. The CAC made the recommendation that the Board approve the proposed 2024 VCE Legislative Platform outlining policy, legislative and regulatory issues and position VCE would take on them. (8-0-0)
- C. Review draft CAC Task Group Year-end Reports.** The CAC reviewed the draft Legislative/Regulatory and draft Strategic Plan task group year-end reports. The CAC discussed challenges and opportunities that each task group outlined in their report and whether combining programs and outreach into one task group worked. The CAC made a motion to finalize the year-end reports and send to the Board for their information at their December 2023 meeting. (8-0-0)
- D. Introduction and seeking feedback on VCE’s approach to update VCE’s Net Energy Metering (NEM) Policy in consideration of Net Bil Tariff (NBT)/Solar Billing Plan (SBP).** VCE Director of Finance and Internal Operations Edward Burnham summarized VCE’s current NEM policy, background, and the reasons that VCE’s NEM Policy, adopted in October 2019, needs to be updated in consideration of NBT or SBP adopted by the California Public Utilities Commission (CPUC). Mr. Burnham highlighted efforts to improve VCE’s current NEM processes and the distribution of net billing credits to

customers. The CAC reviewed the draft updates and discussed how the value of excess energy is calculated, whether or not battery storage is counted, and, rollover credits. The CAC asked that the draft updated Policy reflect the distinction between NEM 2.0 and NEM 3.0. The CAC recommend that Staff update the draft updated NEM Policy to reflect the intent of the update and to reflect the distinction between NEM 2.0 and 3.0 customers; and, recommend that the Board move forward on adopting an updated NEM Policy. (8-0-0)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: Board of Directors

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

SUBJECT: Board Compensation and Reimbursement Policy

DATE: November 9, 2023

RECOMMENDATION

That the Board provide direction to move forward with amendment of the VCE JPA agreement and adopt a Board Compensation and Reimbursement Policy.

BACKGROUND & ANALYSIS

At the October 12, 2023 Board Meeting, Staff introduced ([Item 13](#)), a proposed path to amend VCE's Joint Exercise of Powers Agreement (JPA) relating to Section 3.6 Director's Compensation to allow VCE to adopt a compensation and reimbursement Policy. Section 3.6 currently reads:

Section 3.6 Director Compensation. Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The board, however, may adopt by resolution a policy related to the reimbursement by VCE of expenses incurred by the Directors.

Based on initial feedback from the Board, Staff recommends adopting a Board of Directors' Compensation and Expense Reimbursement Policy that would govern compensation and reimbursement of expenses for members of the Authority's Board of Directors. If adopted by the Board of Directors, the Authority would be authorized to compensate Board members a stipend amount for attending each meeting of the Board of Directors.

If the Board provides direction to proceed, the process for amending the JPA agreement would consist of:

- VCE is required to notify the member agencies 30 days in advance per JPA Section 7.4 to begin an amendment process.
- VCE would be required to modify the joint powers agreement to modify section 3.6 above at the December 14, 2023 Board meeting.
- VCE would adopt a Board Compensation and Reimbursement Policy at the December 14, 2023, Board Meeting for implementation on January 1, 2024. The Policy would apply to both regular members of the Board and alternate members.

CONCLUSION

Staff seeks Board direction to proceed with the next steps to amend the VCE JPA agreement and adopt a Board Compensation and Reimbursement Policy.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

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

SUBJECT: Electric Autonomous Tractor Swarms (EATS) Grant

DATE: November 9, 2023

RECCOMENDATION

Approve Resolution ratifying VCE's participation in the Electric Autonomous Tractor Swarms (EATS) grant program.

BACKGROUND

VCE partnered with Monarch Tractor and University of California, Agriculture and Natural Resources (UC ANR) to submit a proposal in response to the California Air Resources Board Advanced Technology Demonstration (CARBATD) and Pilot Projects solicitation. Applications were due in late October. The Electric Autonomous Tractor Swarms (EATS) project aims to engage the agricultural sector in integrating electrified tractors into VCE's dynamic rates system with the goal of shifting electricity load out of critical peak hours and into hours where renewable energy is available on the grid. VCE will be a subrecipient to UC ANR and will be responsible for recruiting additional CCA's to participate in the EATS program; and, integrate EATS electrified tractors deployed in VCE's service territory in VCE's dynamic rates system. In addition, VCE will collaborate with the recipient and subrecipients to develop a whitepaper that explores and documents the potential for the funded farm equipment to shift electricity load. EATS is a three (3)-year (March 1, 2024 through March 1, 2027) project and an in-kind cost share of VCE staff time totaling \$86,000.

ANALYSIS

The EATS grant project is consistent with VCE's multi-year Strategic Plan to effectively engage the agricultural sector and develop customer programs and initiatives that prioritize carbonization, community resiliency and customer savings.

CONCLUSION

Staff is seeking approval of a resolution ratifying VCE's participation in the EATS grant proposal.

ATTACHMENT

1. Resolution

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE RATIFYING VCE’S PARTICIPATION IN THE ELECTRIC AUTONOMOUS TRACTOR SWARMS (EATS) GRANT PROJECT, ACCEPT FUNDS AS A SUBRECIPIENT TO THE UNIVERSITY OF CALIFORNIA, AGRICULTURE AND NATURAL RESOURCES AND NEGOTIATE AND EXECUTE ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THIS GRANT

WHEREAS, Valley Clean Energy Alliance (“VCE”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), the City of Woodland and the City of Winters (“Cities”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, the California Air Resources Board solicited proposals as a part of their Advanced Technology Demonstration and Pilot Projects efforts;

WHEREAS, VCE partnered with the University of California, Agriculture and Natural Resources (UC ANR) and Monarch Tractor to prepare and submit a proposal [the Electric Autonomous Tractor Swarms (EATS) project] in October 2023 in response to the solicitation;

WHEREAS, EATS project aims to engage the agricultural sector in integrating electrified tractors into VCE’s dynamic rates system with the goal of shifting electricity load out of critical peak hours and into hours where renewable energy is available on the grid;

WHEREAS, EATS is a three (3)-year (March 1, 2024 through March 1, 2027) project and an in-kind cost share of VCE staff time totaling \$86,000.

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

1. Ratify Valley Clean Energy’s participation in the Electric Autonomous Tractor Swarms (EATS) grant program; and negotiate and execute any related documents necessary to participate in this grant.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCE Chair

Alisa M. Lembke, VCE Board Secretary

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

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Yvonne Hunter, Legislative and Project Specialist
Mark Fenstermaker, Pacific Policy Group (PPG)

SUBJECT: Legislative Platform – 2024

DATE: November 9, 2023

RECOMMENDATION

Approve the proposed 2024 VCE Legislative Platform outlining policy, legislative and regulatory issues and guides positions VCE would take on them.

Background

At the July 8, 2020 Board Meeting, the VCE Board of Directors adopted VCE's first legislative platform. Each year, VCE updates the legislative platform in advance of the next legislative session to reflect ongoing and new legislative priorities. It serves as a guide for legislative engagement and is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE's Vision Statement, Strategic Plan, and Environmental Justice Statement. The Legislative Platform, however, does not limit VCE's engagement in new legislative or regulatory issues that may impact VCE and are not included in the Platform.

For the updated 2024 legislative platform, PPG, VCE staff and the Leg/Reg Task Group evaluated the 2023 Platform to identify if changes are needed in advance of the 2024 legislative session. As Board members will note, the draft 2024 platform proposes a number of minor wording and technical changes as well as several new issues areas. They all reflect existing VCE policy and activity and topics that are anticipated for 2024. The document as a whole is meant to formalize and organize VCE's approach to legislative activity. It also includes more references to regulatory engagement and notes that for the 2025 update, VCE intends to more thoroughly integrate regulatory matters into the Platform with the assistance of VCE's regulatory consultant.

The platform is meant to be an inward facing document to provide guidance to PPG and VCE staff for the 2024 legislative session and beyond. The CAC reviewed the draft platform and recommends approval.

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Legislative Platform and VCE Procedure for Taking Positions on Bills.

At its June 2022 meeting, the VCE board adopted an [updated Legislative and Regulatory Policy and Procedure](#) for taking positions on pending legislation and regulations. The procedure includes discussion and recommendations by the Legislative/Regulatory Task Group, the CAC and the VCE board, where the legislative timeline permits such review. The procedure also includes a process for VCE to take a position where the legislative or regulatory timeline requires quick action if VCE's engagement is to be effective. The Legislative Platform is an integral part of that process.

Highlights of Key Changes in 2023 Legislative Platform

The following highlights key proposed changes incorporated in the 2024 platform, compared to the 2023 version.

Section 2. Restructuring the Electricity Utility Sector

- Paragraph c. Adds microgrids and dynamic pricing to areas where CCAs and IOUs can collaborate.

Section 3. Resource Adequacy

- Adds new paragraph d related to supporting changes to the RA waiver and penalty process through legislation and/or regulations.

Section 5. Load Shaping/Shifting and Dynamic Pricing.

- Paragraph a. Adds "funding" to areas that VCE will support.

Section 9. Energy Justice

- Paragraph e. Deletes specific reference to Covid 19 pandemic.

Section 11. Miscellaneous

- Paragraph b. Rewritten to make the intent clearer.
- Paragraph c. Adds new paragraph related in the creation of a proposed western regional transmission organization.
- Paragraph d. Adds new paragraph related to interconnection and energizing delays.

Other. Adds minor clarifying edits as needed throughout the document. Adds the word "regulations" in strategic sections of the document.

CONCLUSION

Staff recommends that the Board approve the attached draft 2024 Legislative Platform to help guide VCE's legislative, as well as VCE's regulatory activities.

ATTACHMENT:

Draft 2024 Legislative Platform with redline changes to 2023 Legislative Platform

2024~~3~~ Valley Clean Energy Legislative and Regulatory Platform

Adopted _____

NOTE: In order to expand this platform to include regulatory activities as well as legislation, VCE has added references to regulatory engagement for selected issues. VCE intends to integrate regulatory matters more thoroughly into the platform next year in developing the platform for 2025 with the assistance of its regulatory consultant.

Introduction

Valley Clean Energy is a joint-powers authority organized pursuant to California law that includes the cities of Davis, Woodland, Winters and the unincorporated areas of Yolo County. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the customers in the VCE service territory. VCE is governed by a Board of Directors consisting of city council members and county supervisors from its member jurisdictions.

PG&E, the incumbent Investor--Owned Utility (IOU), continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions may opt-out of VCE and remain a PG&E bundled-service electricity customer.

The mission of VCE is to provide cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions to residents, ~~and~~ businesses and public facilities within its member jurisdictions~~agencies~~. In addition, VCE provides a greater level of transparency and accountability in regard to energy sources and prices because VCE's board consists of local elected officials and its deliberations and decisions are conducted in public in accordance with~~to~~ California law.

This Legislative Platform serves as a guide for legislative and regulatory engagement in the 2024~~3~~ legislative session and calendar year. It is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE's Vision Statement, Strategic Plan, and Environmental Justice Statement. It will be updated annually to reflect new issues that VCE will address each year legislative session. To review VCE's Vision Statement, Strategic Plan and Environmental Justice Statement, please see <https://valleycleanenergy.org/wp-content/uploads/VCEA-Vision-Statement-11-16-17.pdf>, <https://valleycleanenergy.org/wp-content/uploads/Valley-Clean-Energy-Statement-on-Environmental-Justice-Adopted-10-8-2020-1.pdf>, <https://valleycleanenergy.org/wp-content/uploads/VCE-Strategic-Plan-Final.pdf>.

Issue Areas

1. Governance and Statutory Authority

VCE will:

- a. Oppose legislation and proposed regulations that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
- b. Oppose legislation that limits VCE's ability to effectively serve its customers.
- c. Support efforts of CCAs to engage with their customers and promote transparency in their operations. Similarly, VCE will oppose legislation that restrict or limit these abilities.
- d. Support legislation that makes it easier for other cities and counties to form a CCA, become members of VCE or other CCAs, and oppose legislation and proposed regulations that restricts that ability.

2. Restructuring the Electricity Utility Sector

VCE will:

- a. Work with other local governments interested in forming municipal electric utilities, as well as the California Municipal Utilities Association, to expand opportunities for municipalization. This includes supporting legislation that expands opportunities for CCAs to become municipal electric utilities.
- b. Support legislation and advocate for reforms to the utility regulatory and business model to transform Investor-Owned Utilities (IOUs) so that they must deliver greater benefits to ratepayers, increase safety and reliability, reduce costs and support the successful performance of CCAs.
- c. Advocate for greater collaboration to occur between CCAs and incumbent IOUs, particularly in local planning efforts related to energy, EV charging, community resource centers, microgrids, dynamic pricing, etc.
- d. Support efforts that result in IOUs providing CCA customer meter data to the CCA in real time to enable CCAs to better forecast and schedule load.
- e. Support effective legislation that would transform PG&E to a public power or customer owned entity.

3. Resource Adequacy

VCE will:

- a. Support efforts ~~of~~ to create a functional central procurement entity for residual Resource Adequacy needs.
- b. Oppose legislation that would negatively impact CCAs' procurement authority for Resource Adequacy.
- c. Advocate for and support efforts to remove barriers to demand response, microgrids, and behind-the-meter resources and aggregations of distributed energy resources to provide Resource Adequacy.

[e.d. Support legislation and proposed regulations that would modify the RA waiver and penalty process so that they more realistically reflect the constraints in the RA markets that Load Serving Entities face.](#)

4. Power Cost Indifference Adjustment (PCIA)

VCE will:

- a. Support CalCCA efforts to increase the transparency of IOU electricity contracts and any other factors that provide the basis for ~~Power Cost Indifference Adjustment (PCIA)~~ charges that VCE (and its customers) and other CCAs must pay.
- b. Support efforts to create a pathway to wind down the PCIA.
- c. Support legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
- d. Oppose legislation that would increase or expand exit fees, including PCIA, on CCA customers.

5. Load Shaping/Shifting and Dynamic ~~Time~~ Pricing

[VCE will:](#)

- a. Support legislation, [funding](#) and regulatory provisions that create viable opportunities for CCAs to shape or shift load to support grid operations.
- b. Support legislation and regulatory provisions that recognize and assign Resource Adequacy value to load shaping or load shifting programs.
- c. Support legislation and regulatory provisions that enable customers of VCE and other CCAs to participate in dynamic pricing plans to shift load away from peak, including the use of automated systems.

6. Public Safety Power Shut-Offs (PSPS) and Flex Alerts

VCE will:

- a. Support legislation [and regulations](#) that increases the notification and transparency requirements on IOUs as they implement a PSPS.
- b. Support legislation that creates standards for PSPS implementation and penalties on IOUs that execute PSPS below those standards.
- c. Support legislation that creates rules and procedures to ensure PSPSs are implemented narrowly and only as absolutely necessary.
- d. Support legislation that requires IOUs to notify impacted cities, counties and CCAs of impending PSPS.
- e. Support legislation and regulations that require IOUs to provide CCAs with better customer contact information so that CCAs may more effectively engage their customers in a timely manner.

7. Community Resilience

VCE will:

- a. Advocate for and support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to extreme temperatures, wildfires, PSPS events and other potential service disruptions.
- b. Support legislation and regulations that reduces barriers to microgrid development by CCAs.
- c. Oppose legislation and regulations that would enable IOUs to dominate or restrict microgrid development.
- d. Support legislation and regulations that facilitates development of community level resources and distributed energy resources and that recognizes their value in reducing the need for new transmission and distribution infrastructure.

8. Renewable Energy Generation Sources

VCE will:

- a. Support legislation that expands opportunities for or reduces barriers to the development of renewable energy sources, including, but not limited to, wind, solar, bioenergy, battery storage, small hydro, and geothermal, as long as local development and siting criteria are consistent with city and county land use authority and other local and state regulatory requirements.
- b. Oppose legislation that requires CCAs to purchase specific renewable energy products or technologies, which would thus limiting the ability of CCAs to meet local energy needs in a cost-effective manner and in accordance with the preferences of their member jurisdictions and ~~conflict~~ with their local procurement and rate setting authority.

9. Energy Justice

VCE will:

- a. Engage in legislation that directly or indirectly impacts the ability of underserved communities in the VCE service territory to have affordable, reliable and clean energy.
- b. Support legislation and regulations that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support legislation that enables all California communities, ~~especially~~ marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, ~~to~~ participate in the transition to a zero carbon electrical grid in a cost-effective manner.
- d. Support legislation that enables all California communities, especially historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the decarbonization of the state's building stock and the transportation sector.
- e. Support legislation or budget appropriations to alleviate residential and commercial energy insecurity or financial hardships, ~~including impacts of events such as the Covid-19 pandemic~~ that could disrupt electricity service to VCE customers or restrict VCE customers' access to clean

energy opportunities. This could include, for example, assistance to avoid electric service disconnections or economic recovery funding for transportation electrification.

10. Local Economic Development and Environmental Objectives

VCE will:

- a. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of its member agencies and customers.
- b. Support legislation that enhances development of local and regional sources of renewable energy.
- c. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.
- d. ~~Support~~ Support legislation and regulations to enable CCAs to plan, own and operate clean energy resources that serve local needs while contributing to the local economy.
- e. ~~Se-~~Support legislation and other programs that ensure that CCAs and their member agencies have access to existing and new state and federal energy-related grant and loan funds, including programs for residential, commercial, industrial, ~~and~~ agricultural and government customers.

11. Miscellaneous

VCE will:

- a. Oppose legislation that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.
~~Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCA.~~
- b. Support legislation that would require all load-serving entities to meet the same renewable content, environmental and other procurement requirements.
- c. Engage with legislative, regulatory or other proposals to create a western regional transmission organization. Such an organization must ensure the continued ability of CCAs to retain their local governance, rate making and procurement authority and ensure that California's environmental and energy policies are not compromised.
- d. Support legislation and proposed regulations that address interconnection or energizing delays for businesses, public agencies, homes, and energy generation projects.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

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

SUBJECT: 2024 Operating Budget Update

DATE: November 9, 2023

RECOMMENDATION: Informational – no action requested.

OVERVIEW

This update is the second of three discussions leading to the Board's consideration of VCE's 2024 budget. The purpose of this staff report is to update the 2024 operating budget and multi-year forecast (2025 through 2027) in preparation for the 2024 Budget adoption and rate setting.

At the VCE board meeting on October 12, 2023, Staff introduced the key factors influencing the 2023 and 2024 Operating Budgets in [Item 16](#) (e.g. Load Actuals vs Forecast). VCE's 2023 actuals continue to increase cash reserves while providing competitive rates compared to PG&E that incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers.

BACKGROUND

At the October Board meeting, staff introduced the 2024 budget forecast and a multi-year outlook (through 2027). The VCE 2024 financial forecast, informed by VCE's analysts (CalCCA, MRW), indicates that continued lower Power Charge Indifference Adjustment (PCIA) rates and stabilized customer rates will allow VCE to continue to be competitive to PG&E rates, build cash reserves, and grow customer programs. VCE is poised to meet its current target of 180+ days operating cash and the initial investment grade credit rating by 2028.

Generally, forecasts include risks such as weather, regulatory, and market volatility from external influences outside of the VCE's control that impact power costs and revenues. Several of VCE's long-term renewable Power Purchase Agreements (PPAs) have begun operations since 2021, helping to significantly mitigate these risks and contribute to VCE's ability to continue to build reserves and maintain positive margins for the longer term.

ANALYSIS

This report updates information previously provided to the Board during the October 2023 Budget Update. The section below provides updates on the 2024 Budget Update and Multi-year Outlook.

2024 Operating Budget Update

As noted in the prior budget update, slightly reduced forward power market prices have been partially offset by significant increases in resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources which contribute to a relatively stable 2024 PCIA. Based on analysis by CalCCA, Staff anticipates slightly higher PCIA and an increase in PG&E Customer rates. The net result is \$8M+ in net income initially forecast for 2024.

Most recently, Staff has updated the forecasts to incorporate additional PG&E actuals reflecting an under-collection of 2023 revenues and the updated power cost forwards that include the increasing RA and RPS market price benchmarks. These factors are primary drivers leading to a revised forecast resulting in the 2024 PCIA stabilizing and a PG&E rate change going from a ~3% reduction to a ~6% increase for 2024. Additionally, VCE's long-term renewable contracts continue to have cost/rate stabilization effects while significantly increasing VCE's renewable content. As displayed in Table 1 – 2023 & 2024 Financial Risk Summary provides a summary of key changes in VCE's financial strength through building cash reserves and the value created with VCE's fixed priced PPAs coming online.

Table 1 – 2023 & 2024 Financial Risk Summary

Description	2023	2024
Power Costs	Began 2023 with PPAs for ~150+ GWh (approx. 13% of VCE annual Load)	*Begin 2024 with PPAs for ~400+ GWh (approx. 50% of VCE annual Load)
Power Cost Contingencies	5% / \$3.4M	5% / \$3.7M
Cash Reserves	Began with ~\$6M 30+ Days Operating Cash (Min)	Begin with ~\$20M 90+ Days Operating Cash
Resource Adequacy	PPAs provide 75 MW RA (approx. 36% of VCE annual req.)	*PPAs provide 143 MW RA (approx. 70% of VCE annual req.)
Debts – Term Loan Due April 2024	\$700K Outstanding	\$180K Outstanding Balance

*Willy 9 Chap 2 (formerly Willow Springs Solar 3) Solar PV + Storage Project (72 MW PV /36 BESS / approx. 215,000+ MWhs) expected to come online in January of 2024

Multi-Year Forecast

As displayed below in Table 2 – Multi-Year Forecast, the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's movement towards an investment grade credit rating (estimated in 2028).

Key Assumptions included in the 2023 Budget and Multi-year forecast (Table 2):

- 2024 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M
- 2024 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 6% generation rate increase (higher increases currently being considered by the CPUC are associated with non-VCE portions of the bill such as transmission and distribution charges).

Table 2 – Multi-Year Forecast**

Description	Actuals		(8 Month Actuals + 4 Month Budget)		Preliminary Forecast*			
	2022	2023	2023	2024	2025	2026	2027	
Customer Revenue	85,323	98,800	98,800	105,400	104,600	108,700	111,600	
Power Cost	75,130	75,200	75,200	78,050	65,900	70,200	72,250	
Other Expenses	4,469	6,600	6,600	6,800	7,100	7,500	7,900	
Net Income	5,724	17,000	17,000	20,550	31,600	31,000	31,450	
Gross Margin	12%	24%	24%	26%	37%	35%	35%	
Net Margin	7%	17%	17%	19%	30%	29%	28%	

(* and ** - see below)

*2022 Proforma includes eight months of actual financial results and three months of updated power cost forecasts.

** The preliminary forecast is based on analysis by CalCCA and MRW and power cost forwards.

As shown in Table 2, VCE is projected to continue to recover costs and build healthy cash reserves over the forecast period. VCE adopted the 2022 and 2023 budget, which incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers and directed all other revenues to cash reserves. The expected revenue reductions for extending the rate credit program to additional customers while reaching the investment grade would be approximately \$1,000,000 per 1%. Staff will also evaluate the 2023 net margin allocation as part of the Customer Program and Dividend Policy in Q2 of 2024.

CONCLUSION

Staff will present the 2024 draft rates and budget options for Board consideration in December. The draft budget will incorporate financial results through October and the final analysis of PG&E's annual rate and PCIA proceeding with the CPUC. Though the table above indicates continued profitability and building of reserves for our credit rating by 2028, staff notes that regulatory impacts and market volatility may change or delay expected results.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

FROM: Edward Burnham, Director of Finance and Administration

SUBJECT: Net Energy Metering (NEM) Policy Update Draft

DATE: November 9, 2023

RECOMMENDATION

Approve the draft update of the VCE Net Energy Metering Policy including:

1. Maintain existing NEM rates for VCE Legacy NEM Customers (Pre-April 14, 2023)
2. Adopt Net Billing Tariff/Solar Billing Plan for new VCE solar customers with an adder of \$0.01/kWh for excess generation
3. Modify existing policy for distribution of net billing credits to customers

PURPOSE

The purpose of this report is to provide background information and seek Board approval on VCE's approach to an updated NEM Policy in consideration of upcoming Net Billing Tariff/ Solar Billing Plan (SBP) changes adopted by the California Public Utilities Commission (CPUC).

BACKGROUND

Net Energy Metering (NEM) is a billing system where customers with eligible renewable projects, whether homes or businesses, get credit for the excess electricity they generate and send back to the grid. At the end of the billing period, they are charged only for the net amount of electricity used, which is the electricity consumed minus electricity generated. If they produce more electricity than they use, they generally receive a credit towards future bills. Net Energy Metering has undergone several changes in its policy and tariff structures over the past decade, largely driven by the growth of solar adoption, changing grid needs, and the desire to reflect the value of solar energy more accurately on the grid.

Roughly 40-50% of electricity produced by Northern California residential solar installations is used on-site; the remainder is exported to the grid.¹ During the early 2000's, initial compensation for these exports was set relatively high as limited solar production coincided with peak periods of strain on the grid (i.e. middle of the day), and customers were encouraged to install rooftop solar to offset peak demand and to increase utilization of renewable energy.

The solar industry has grown to provide an estimated 27% of California's total electricity

¹ U.S. Energy Information Administration. (2023, April 20). California State Energy Profile and Energy Estimates. <https://www.eia.gov/state/analysis.php?sid=CA>

production, a significant contribution towards renewable energy goals. However, this success also brought new supply-and-demand challenges for the industry: the abundance of solar electricity during daytime hours significantly reduces its value during the day and shifts a supply reliability gap into the evening hours when solar stops producing. When electricity exceeds regional demand during the day, it may in some cases have zero, or even negative value, unless it can be stored or utilized elsewhere.

At the October 2019 VCE board meeting, the Board approved changes to the Net Energy Metering (NEM) policy that allows existing VCE customers (customers that installed solar systems after VCE's start-up in June 2018) to request annual billing. Prior to this change, the only option for existing VCE NEM customers was monthly billing. The policy became effective January 1, 2020. The policy states "The request must coincide with their existing PG&E true-up period." The purpose of this statement was to protect available solar credits and to keep customers' annual billing dates consistent between VCE and PG&E. The SMUD billing system was designed to automatically true-up a customer account when the billing cycle changes, so a request to move from monthly billing to annual billing triggers a true-up. VCE modified the Policy, based on customer feedback, to allow customers to switch to an annual billing cycle at any time during the year.

Net Energy Metering Update – Solar Billing Plan (SBP)

In December 2022, the California Public Utilities Commission (CPUC) initiated a pivotal transition from the conventional Net Energy Metering (NEM) program to a successor program known as the Net Billing Tariff or Solar Billing Plan (SBP). The SBP is intended to realign compensation for customer-sited electricity exported to the grid to be based on the overall value of that electricity, rather than prevailing retail electric rates. These new price signals are designed to enhance the value created by battery storage that is matched with rooftop solar.

ANALYSIS

The recommended update would align VCE's current NEM policy with PG&E's SBP. The updated policy would establish a billing mechanism and export rates for customers who apply for interconnection of an eligible renewable generating system, such as solar or wind, after April 14, 2023. Customer projects with interconnection before April 14, 2023, would remain enrolled in NEM service until 20 years from their PG&E interconnection dates.

Legacy NEM Customers (Pre-April 14, 2023)

VCE has approximately 11,500 NEM customers. These customers with a PG&E interconnection agreement accepted by the April 14, 2023, deadline are generally allowed to remain on PG&E's NEM program for up to 20 years from their permission-to-operate date; over 99% of pre-April installations meet this criterion. This legacy period is granted even if the system is transferred to a new homeowner/operator and is only forfeited at the customer's discretion or if the system is significantly modified from its original capacity. No action is required to extend these same protections, as VCE's NEM Policy remains in effect for accounts that comply with all PG&E NEM requirements. Below is a summary of key factors associated with VCE's legacy NEM customers.

- The CPUC's decision does not impact existing rooftop solar customers.
- VCE will maintain your current compensation rates.

- You will continue to remain on your current NEM tariff for 20 years after your system was connected to the electric grid.
- You can expand your system by 10% or 1kW without affecting your NEM legacy status.
- You can replace your panels with like-for-like equipment (same size/rating or less) without affecting your NEM legacy status.
- You can add a battery to your system anytime without affecting your NEM legacy status.

Nem Customers under Solar Billing Plan (SBP) - Opportunities for Battery Storage

The proposed SBP focuses on the growing need for energy storage where higher levels of intermittent renewables (e.g. solar) are added to California's grid. The value of load shifting through energy storage and discharge has been somewhat constrained under NEM 1.0 and 2.0 due in part to competing generous NEM export values and the cost of residential scale batteries. The proposed SBC is designed to increase the value of battery storage with hourly export rates that incentivize evening peak discharge. Recent surveys of solar installers indicate a likely surge in battery installations, rising from the current 19% of installations to 71% post SBP adoption. Additionally, 69% indicated that they would respond to the changes by investing more in storage sales.²

VCE Alignment with Proposed Export Rates

The CPUC has required that PG&E Export Rates be valued based on the hourly avoided cost of energy, as developed biannually by the CPUC. The initial export rates will be determined based on the current avoided cost values, which currently average \$0.04/kWh during typical solar export hours. Customers are allowed to lock in their export rates for 9 years from interconnection, based on the expected payback period for a solar installation. This is designed to provide reliable financing expectations for solar installations. Note: VCE's \$0.01/kWh additional export credit that would apply to new NEM customers represents a ~20% increase in the current average export rate.

Staff notes that these prices are influenced by supply and demand, therefore, exporting during the day when clean energy is abundant results in the limited values above. Export rates can be significantly higher during system peak hours. This also adds to the value proposition for battery storage moving daytime exports into peak evening hours.

When energy is consumed as it is generated, the generation value of solar production under SBP is equivalent to NEM. Only when electricity is exported to the grid during low-value hours is the value reduced. Battery storage systems can be utilized to significantly increase this value.

Additional Considerations

Staff has been working with our billing and customer support partner, SMUD, on improving our current NEM processes and the distribution of net billing credits to customers. Staff and SMUD are recommending transitioning to an electronic "on bill credit" to the customer that will appear on the VCE portion of the combined billing provided by PG&E.

²Fields, S. (2023, March 10) What do California solar installers think about NEM 3? We asked them! Energy Sage. <https://news.energysage.com/what-california-solar-installers-think-about-nem-3/>

VCE will discontinue the manual distribution of checks to customers starting January 1, 2024. This will provide a more seamless and timely application/distribution of net billing credits to VCE customers and streamline the administrative process. The electronic distribution of on bill credits as part of the normal billing process allows VCE to distribute net billing credit to amounts less than \$100 and no longer roll over balances until the next true-up cycle. To automate this process, VCE and SMUD also identified the value to effort in supporting VCE's current NEM donations option. Due to current participation levels (total of 15 donations to date), and the associated level of administrative effort required, staff is recommending that VCE discontinue this donation option.

Community Advisory Committee Recommendation

The CAC unanimously recommended approval of the recommended NEM Policy draft update.

CONCLUSION

Based on actions taken by the CPUC to structurally modify California's existing NEM program, VCE is placed in a position to consider modification of its NEM program. Maintaining general consistency with PG&E's modifications can reduce customer confusion related to an already complex rate and does begin a necessary shift in focus to considering the value of energy to the grid. Further, staff acknowledges that low-income households are a critical segment in need of support in the installation of distributed energy resources and recognizes the gap between solar adoption in low-income and higher income households. If this policy update is adopted, staff will monitor the activity related to our existing and new NEM customers and evaluate potential program approaches to making resources available, such as solar shares or virtual power plants that may partially address access to this type of resource for lower-income customers and renters.

Attachment

Draft NEM Policy Update

NET ENERGY METERING POLICY (DRAFT UPDATE)
Adopted February 13, 2020; Amended November 9, 2023

1. Residential and Business NEM customers with solar systems with a PG&E interconnection agreement accepted on or before April 14, 2023, will maintain their existing billing and true-up cycles as established when customers transitioned to VCE in 2020, either annual or monthly, and maintain the following incentives:
 - a. NEM customers that generate excess energy on a monthly basis will receive the retail value plus a \$0.01/kWh credit for the excess generation.
 - b. Customers on time-of-use (TOU) rate schedules will receive a \$0.01/kWh credit for net excess generation on a monthly basis.
 - c. NEM customers that generate excess energy on an annual basis will receive the wholesale value of net surplus generation, plus a \$0.01/kWh adder.
2. NEM customers enrolled on the solar billing plan after April 14, 2023, that generate excess energy on an annual basis will receive the export rates based on the hourly avoided cost of energy, as developed biannually by the CPUC for net surplus compensation, plus a \$0.01/kWh adder.
3. NEM customers with excess generation credits will be cashed-out in the form of an on-bill credit or check for closed accounts.
4. NEM customers may opt out of VCE's NEM program and return to PG&E at their discretion. Departing customers will be trued up with VCE upon return to PG&E.

