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Valley Clean Energy Board Meeting – April 14, 2022
via video/teleconference



Item 15 – OhmConnect Program presentation

Public Comments

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OhmConnect

Save Energy. Get Paid.

VCE Board Meeting
4/14/22



Save Energy. Get Paid.

OhmConnect offers a free program to subsidize smart home devices and improve energy efficiency for your residents; helping you put money in their pockets while supporting the grid



Efficient, Asset-Light Alternatives: A Critical Part of The Solution

Distributed energy resources can solve grid instability at a fraction of the cost of traditional fossil-fuel based peakers and expensive battery systems

Peaker Plants Gas Fired Single Cycle



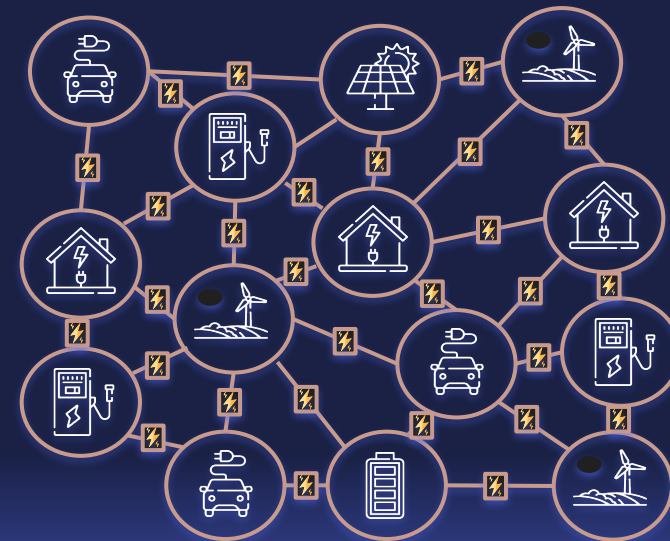
- Decommissioning across U.S.
- Cost prohibitive to build

Battery Storage Large Scale Lithium Ion



- Novel clean hardware
- Limited near-term supply
- Competing uses

Virtual Power Plant (VPP) Distributed homes connected to the grid



- Available today at scale, software driven
- Zero-carbon; complements storage, EVs
- No state subsidy and not rate-based

High Cost / Asset Heavy

Cost-Efficient / Asset Light

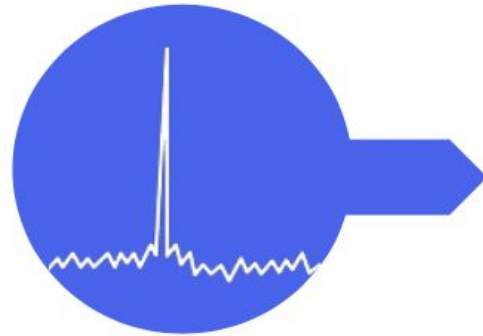
Flexibility, Reliability, and Clean Energy Solved with the Home

OhmConnect utilizes its proprietary technology to aggregate user demand reductions and deliver a predictable, reliable and dispatchable generation source to the grid.



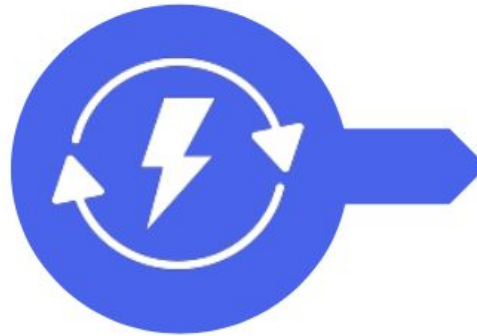
Constant communication with the grid

Every 15 minutes, OhmConnect informs the grid operator how many MW it can provide to the grid and at what price



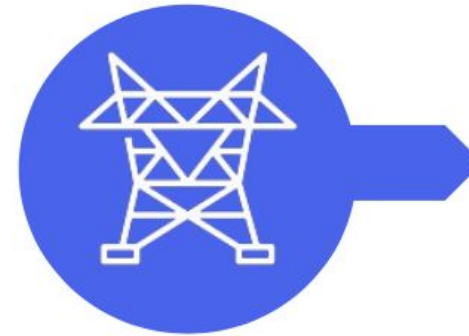
Price of wholesale electricity spikes

When the need for generation increases, power prices spike and the grid operator accepts OhmConnect's price offer



OhmConnect homes reduce energy use

OhmConnect dispatches its technology to reduce energy use. The reduction is as predictable and reliable as a traditional power plant



Energy market pays OhmConnect

Grid operators pay OhmConnect for the measured reduction of energy use at each home



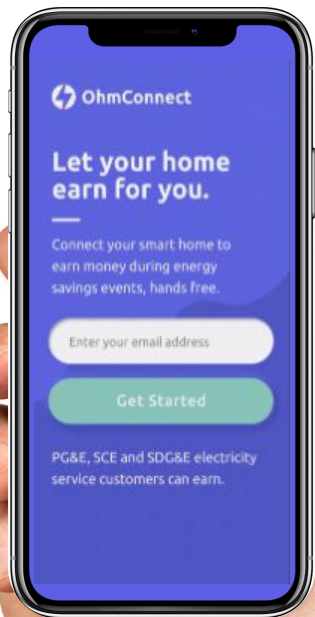
OhmConnect pays its network of users

Payments based on user's reduction in energy usage and the value of the reduction to the grid

OhmConnect customers have a simple automated experience

It is easy to sign up and set up your first device, and start saving immediately

1 Signing up takes
1 minute



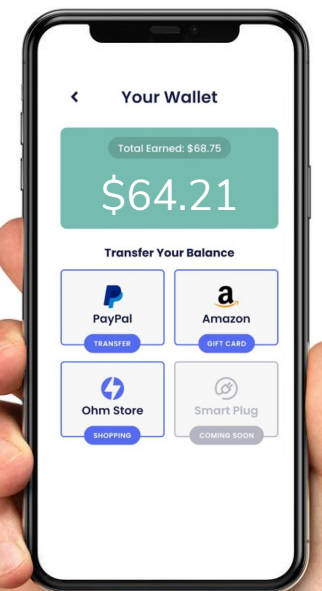
2 Connect smart device
in less than 5 minutes



3 Automatically
Save Energy



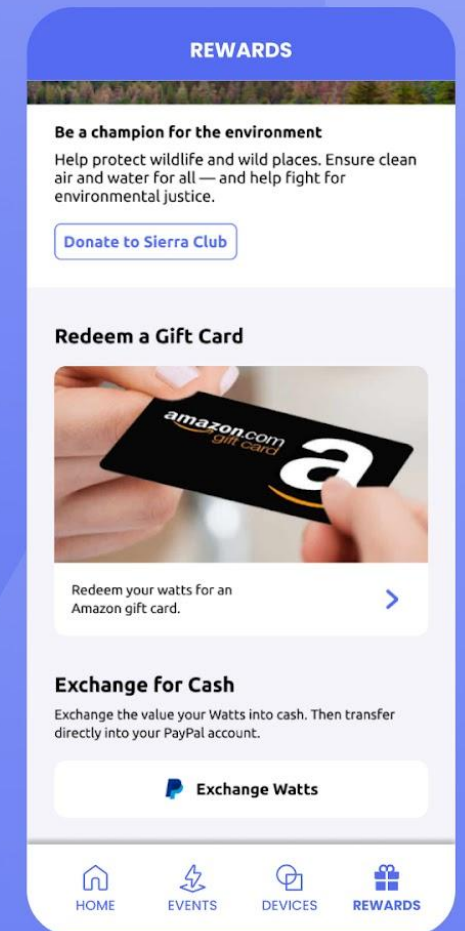
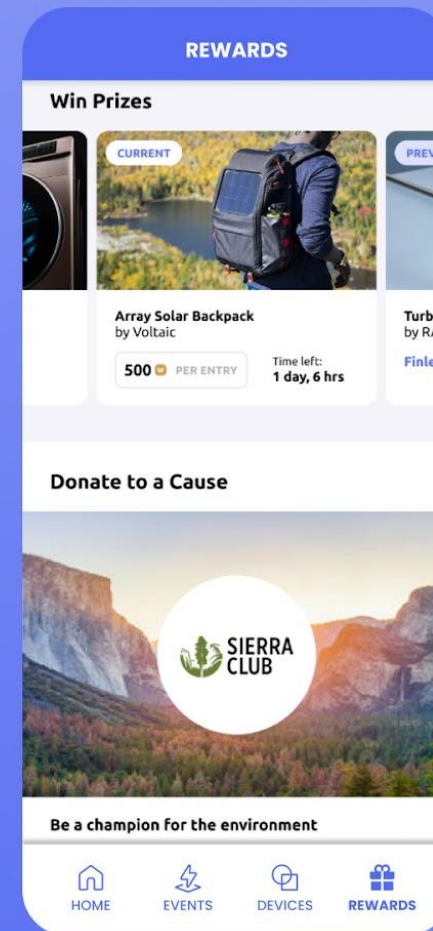
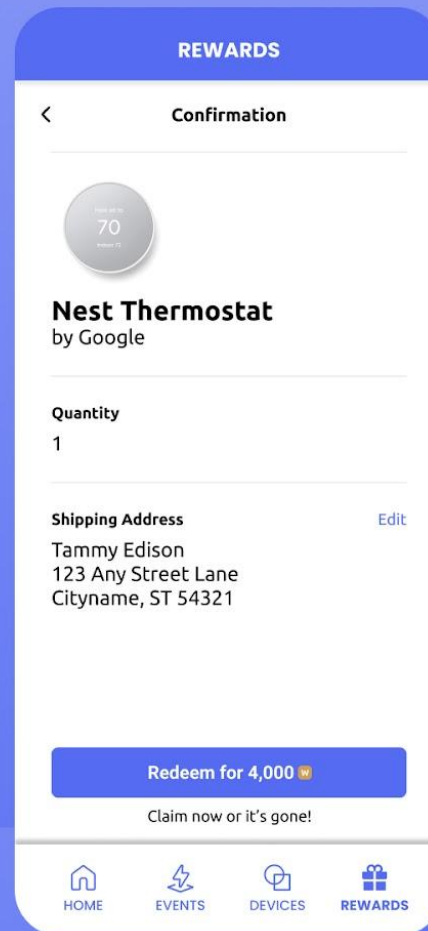
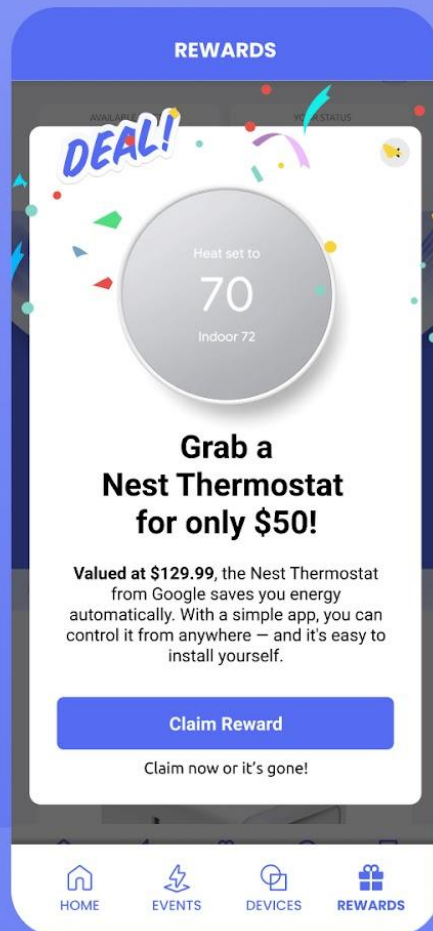
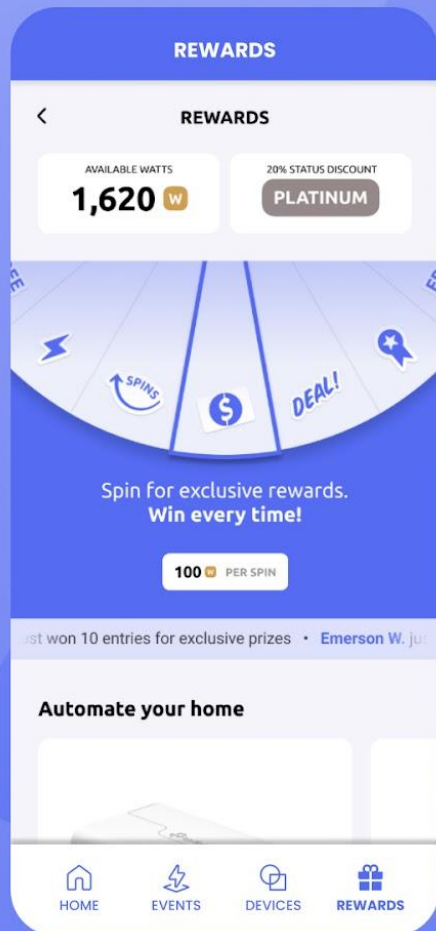
4 Cash out via
your choice



www.ohmconnect.com/vce

A marketplace built with the customer in mind

Users can pick what to redeem their energy savings for — from prizes, to devices, cash, and more



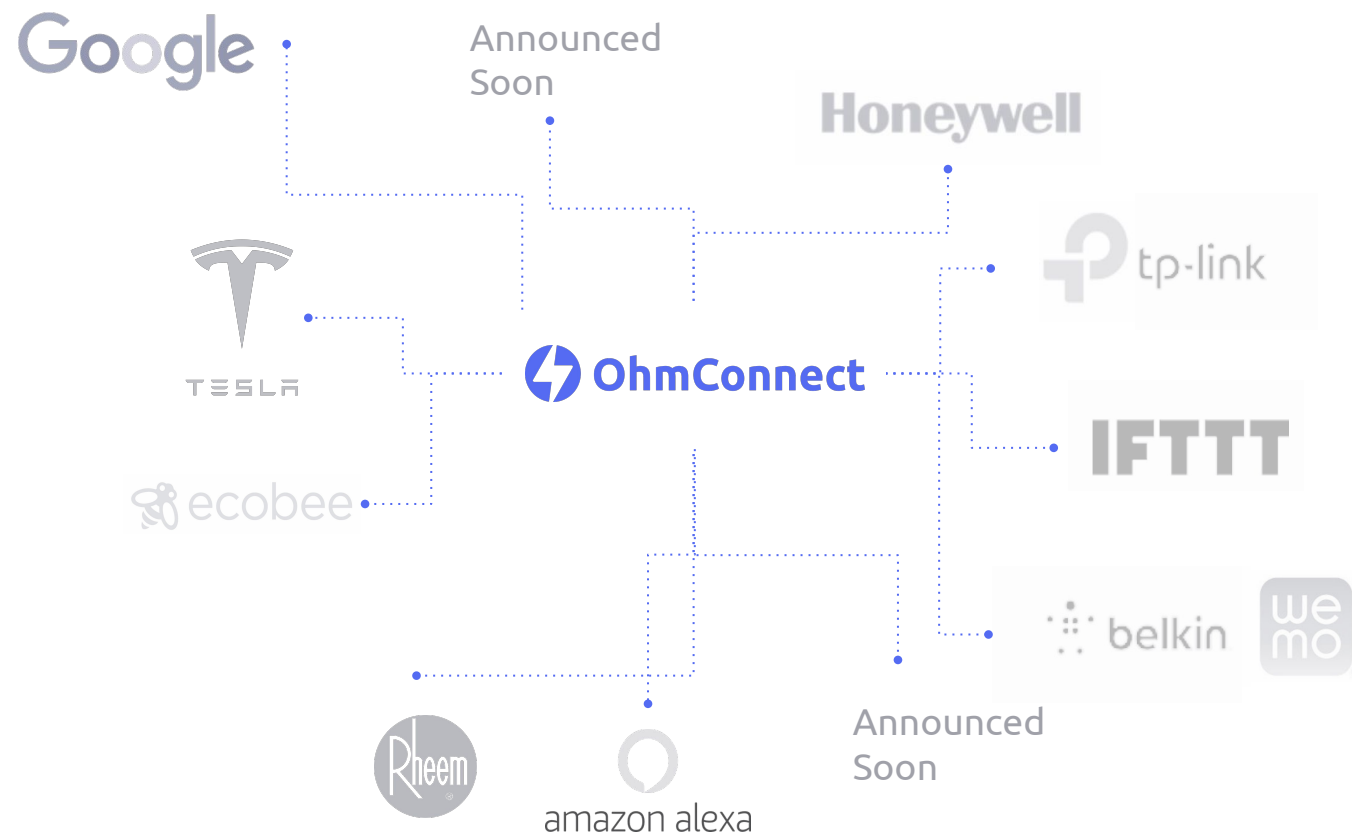
Connected hardware create consistent and predictable savings

We have developed unique and proprietary partnerships with device manufacturers.

Our suite of smart home devices include industry leaders such as Google, Ecobee, TP-Link, and more

We are constantly adding new devices and programs to our ecosystem

On average, having one smart appliance increases energy savings by 4.5x

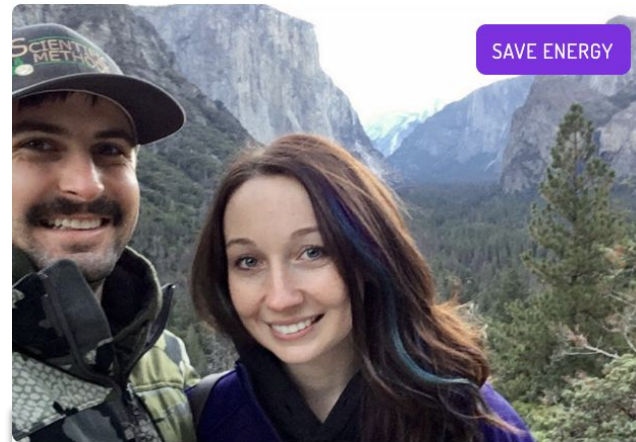


What is in it for your customers?

\$10-\$25
Sign-Up
Bonus



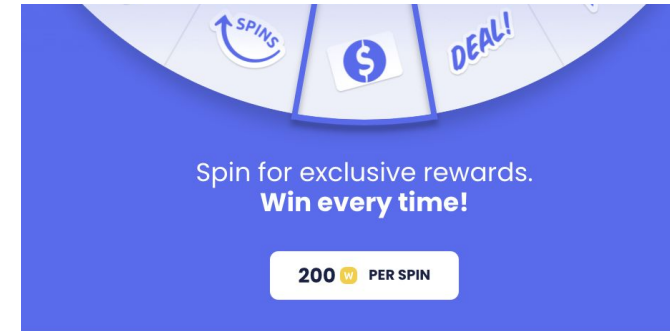
**Cash Incentive
&
\$0.99 devices**



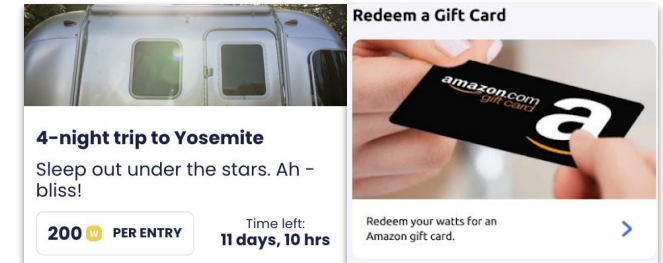
**MEGA Summer winner earns ~\$1000
in a year of energy saving**

"My rewards started around \$2 per OhmHour but I stuck with it and it just started to grow"

**Empowerment
&
Energy Savings**



David from San Diego just won \$5 off a Kasa Smart Plug Mini •



**Prizes
&
Rewards**

Join the movement

Immediate action is needed right now to combat climate change

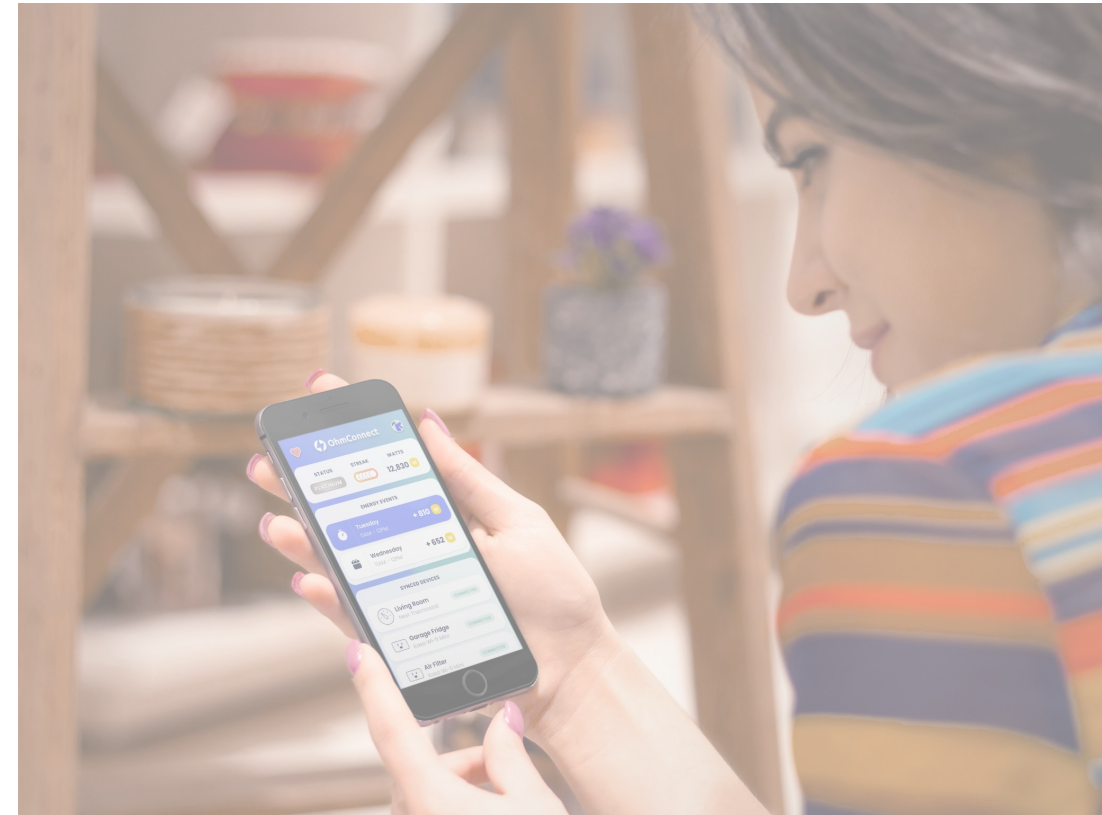
Time is running out.

We need to act swiftly to counteract a warming planet. In this industry, that means electrify everything.

OhmConnect is the easiest, fastest, and most affordable solution to achieve decarbonization.

- We are working with VCE to engage and enroll customers
- As board members, you can play a vital role in spreading the message

www.ohmconnect.com/vce



Create value for VCE

Together, we can bring more value and long-lasting support to the community





OhmConnect

Save Energy. Get Paid.

For more information, please contact:
Leah Goodman: leah.goodman@ohmconnect.com

Common Asked Questions

- We are funded entirely by the energy markets
- No, we are not exclusive
- Connecting a device is not required to participate
- Residents can opt-out at any time, no penalty at all
- Residents always have control over their own devices and data
- We have a fantastic CX team ready to support!



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Item 16 – CC Power Long Duration Storage (LDS): Goal Line Project

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Item 16 – CC Power LDS Goal Line Project: Overview

1. Long Duration Storage Procurement Goals
2. CPUC Mid-term Reliability Procurement Order
3. Onward Energy's Goal Line Project Overview
4. CC Power Participating Members
5. Allocations and Authority
6. Contract Structure
7. Conclusion / Recommendation

Item 16 – CC Power LDS Goal Line Project: LDS Joint Procurement Goals

- Enhance portfolio value via cost-effective resources: value of energy + capacity > costs
- Integrate intermittent resources (solar + wind)
- Support grid reliability
- Share development and project performance risk via new joint powers agency → California Community Power (CC Power)
- “Right-size” project subscription
- Meet potential CPUC procurement mandates

Item 16 – CC Power LDS Goal Line Project: Mid-term Reliability Procurement Order (MTR)

D.21-06-035 adopted by CPUC on June 24, 2021 to address mid-term reliability

- LSEs required to collectively procure 11,500 MW NQC of new resources
- Follow-on to November 7, 2019 CPUC decision mandating 3,300 MW NQC procurement for 2021-2023 to maintain reliability
- Contract of at least 10 years
- Allocated to LSEs by load share
- Resources must be zero-emission or RPS eligible (no fossil resources)
- 4,500 MW of obligation subject to specific category requirements

Item 16 – CC Power LDS Goal Line Project: Procurement Order Timing

Procurement Obligation in Net Qualifying Capacity (MW) for All LSEs by Category and Year

Procurement Category	2023	2024	2025	2026	Total
Zero-emissions generation, generation paired with storage, or demand response resources	-	-	2,500	-	2,500
Firm zero-emitting resources	-	-	-	1,000	1,000
Long-duration storage resources	-	-	-	1,000	1,000
Remaining New Capacity Required			-	-	7,000
Total Annual Capacity Requirements	2,000	6,000	1,500	2,000	11,500

1,000 MW of LDS ordered by CPUC

- Technology agnostic
- 8-hour minimum discharge duration
- COD June 2026 – demonstrate reasonable effort by February 2023
- 10-year minimum term
- Subject to Effective Load Carrying Capability (ELCC) adjustments

CPUC Interim ELCCs

Procurement Category	2023	2024	2025 <i>Indicative</i>	2026 <i>Indicative</i>
4-Hour Battery	96.3%	90.7%	74.2%	69.0%
6-Hour Battery	98.0%	93.4%	79.6%	75.1%
8-Hour Battery	98.2%	94.3%	82.2%	78.2%
8-Hour Pumped Storage Hydro				76.8%
12-Hour Pumped Storage Hydro				80.8%

Item 16 – CC Power LDS Goal Line Project: Project Overview

Goal Line was one of the highest-ranking LDS projects out of the Joint RFO issued in October 2020

- **Seller** - Goal Line BESS 1, LLC
- **Developer** – Onward Energy
- **Technology** –Lithium-ion, 8 hours discharge duration
- **Project size** - 50 MW/400 MWh
- **Product** – Tolling Agreement w/full capacity rights
- **Location** – Escondido, CA
- **COD** – June 2025
- **Price** - fixed \$/kw-mo, no escalation
- **Term** – 15 years



Item 16 – CC Power LDS Goal Line Project: Member Participation

6 CCAs agreed to move forward with joint LDS procurement for Goal Line

- MTR LDS procurement mandate for the 6 CCAs is 77.5 MW¹
- 99.1 MW adjusted by ELCC
- Goal Line is 50 MW nameplate – meeting nearly 50% of ELCC adjusted need under the MTR
- Capacity to be allocated based on MTR share obligation



1) PCE participated in the Tumbleweed project but is not a participant in the Goal Line proj.

Item 16 – CC Power LDS Goal Line Project: Allocations & Authority

Each CCA will seek their respective governing body authority to participate

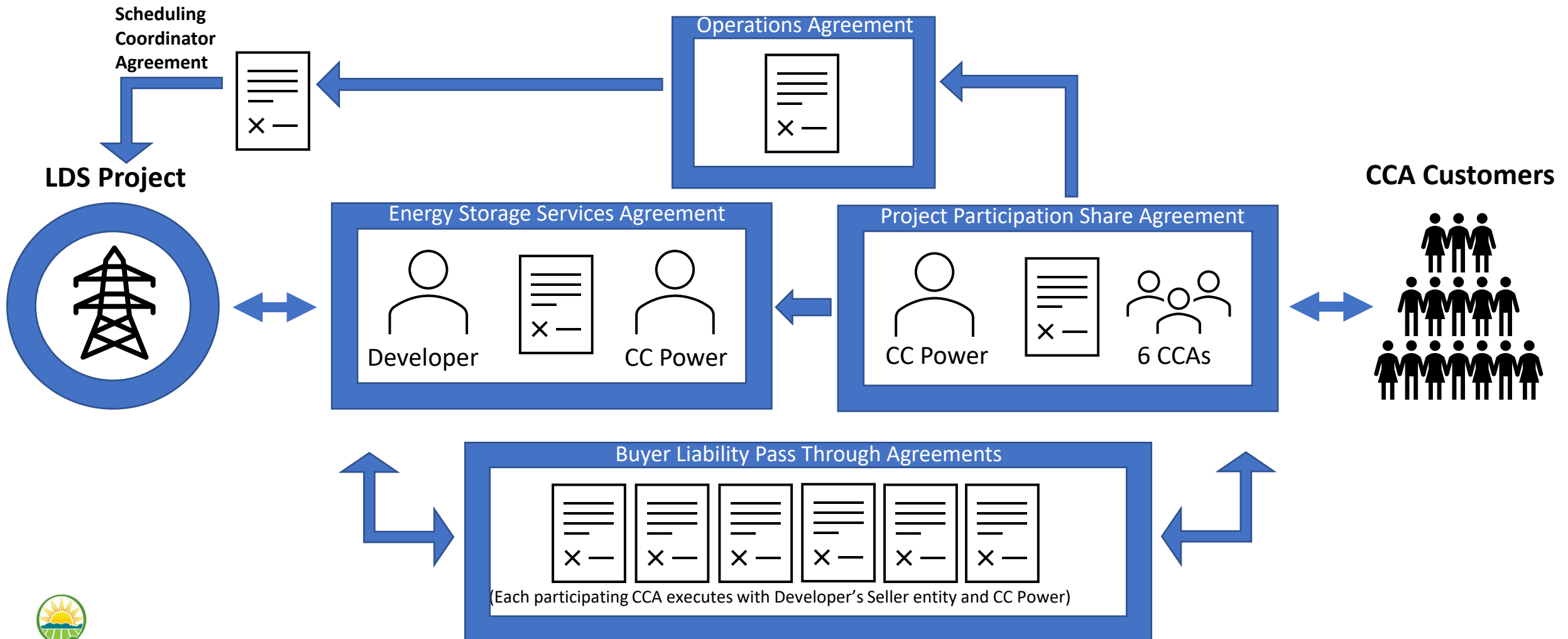
CCA	Entitlement Share %	Expected Entitlement Share MW
CPSF	21.50%	10.75
RCEA	4.00%	2.00
SJCE	24.22%	12.11
SVCE	28.42%	14.21
SCPA	17.36%	8.68
VCE	4.50%	2.25
Total	100%	50

VCE will satisfy the MTR obligation through participation in the Tumbleweed & Goal Line LDS projects

MTR Requirement NQC MW	MTR Obligation NQC MW	Tumbleweed Entitlement Nameplate MW	Remaining Need NQC MW	Goal Line Entitlement Nameplate MW	Net Open Position +Surplus/(-) Deficit NQC MW
4.0	5.1	2.86	2.25	2.25	0

Item 16 – CC Power LDS Goal Line Project: Contract Structure

VCE to execute the PPSA and the BLPTA (the Operating Agreement will be signed at a later date)



Item 16 – CC Power LDS Goal Line Project: Conclusion/Recommendation

- Goal Line was selected through a robust and competitive solicitation process
- Goal Line NPV to participating CCAs is highly uncertain
- Project is expected to include project labor agreement
- Contracting Structure includes a “step-up” provision which exposes VCE to taking up to additional capacity (based on contract share) in the event a participant defaults¹
- Procurement of Long Duration Storage (8-hours or more) is mandated through MTR order
- VCE’s expected share of Goal Line is 2.25 MW (nearly 50% of obligation)
- VCE’s has a need for additional long duration storage²
- **Recommendation:** Authorize the Executive Officer to execute the following agreements:
 - Project Participation Share Agreement (PPSA)
 - Energy Storage Service Agreement (ESSA) - Buyer Liability Pass Through Agreement (BLPTA)



- 1) Staff will seek approval from the VCE Board for a maximum authorized amount of 3.61MW.
- 2) Per the Carbon Neutral study VCE has a need beyond the mandate which can be procured at a later date.



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Item 17 – 7/1/21 to 12/31/21 Audit – James Marta & Company



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VALLEY CLEAN ENERGY ALLIANCE
SUMMARY OF AUDIT RESULTS
DECEMBER 31, 2021

Presented by

James Marta CPA, CGMA, ARPM



Agenda

- Communications with Those Charged with Governance
- December 31, 2021 Valley Clean Energy Alliance (VCE) Financial Information and Auditor's Report



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE



Professional standards require that we provide you with information related to our audit of VCE. This information is summarized as follows:

- Responsibilities and Opinion
 - Financial statements are the responsibility of management
 - Our responsibility is to express an audit opinion
 - We issued an unmodified opinion (the best and auditor can give)



REPORT TO YOU - INTERACTIONS WITH MANAGEMENT



Management Consultations
with Other Independent
Accountants:

✓ None



Disagreements with
Management of Difficulties
Encountered:

✓ None



Management
Representations:

✓ Received

REPORT TO YOU

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

- Significant Accounting Policies and Changes in Those Policies - No changes
- Management Judgments and Accounting Estimates
 - Accounts receivable, unbilled revenues, allowance for uncollectible accounts
 - Appropriate and in-line with standards



AUDIT PROCEDURES

- An Audit is more than just assurance regarding the fairness of presenting financial statements. An Audit involves gaining an understanding of the organization's systems and controls.
 - Understanding; systems, policies and procedures
 - Tests of control
 - Gathering other audit evidence, review of details, performing test calculations
 - Review of accounting methods and reporting

RESULTS OF THE AUDIT

Consideration Area	Result
Planned Scope and Timing	Scope as anticipated Audit was not performed within the agreed timeline
Findings Identified in Performing the Audit	2021-01 Closing Entries: There were adjustments identified during the audit that were not identified by management as part of their standard closing process.
Significant Adjustments or Disclosures Not Reflected in the Financial Statements	None

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

- Pages 1-3 of the Audited Financial Statements
- Unmodified opinion (Page 1), the best opinion that we can provide

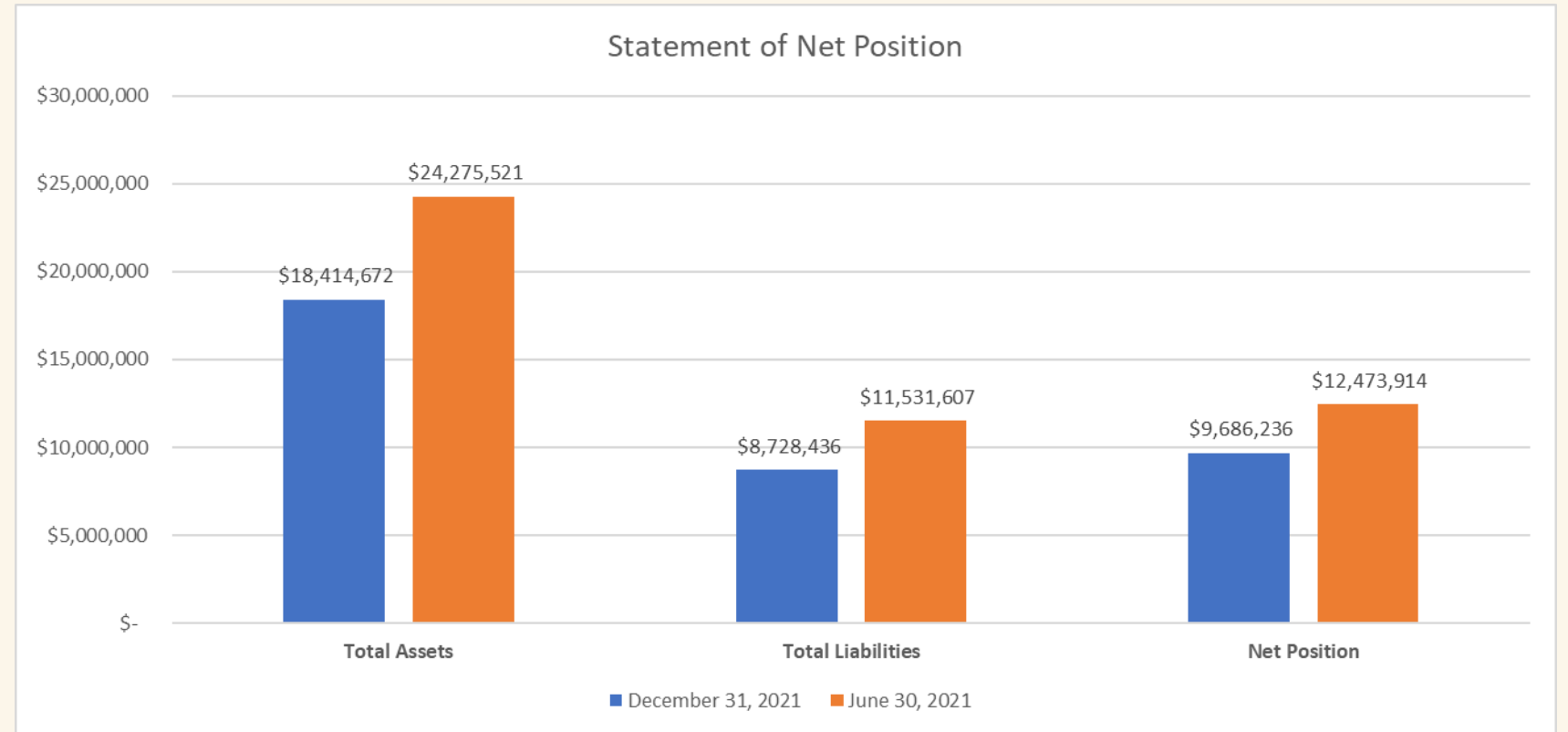


MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)

- Pages 4-8
 - Financial Highlights
 - Condensed financial statements and graphs plus narrative about why balances changed from prior years
 - Analysis of balances and transactions
 - Facts or conditions that are expected to have a significant effect

STATEMENT OF NET POSITION

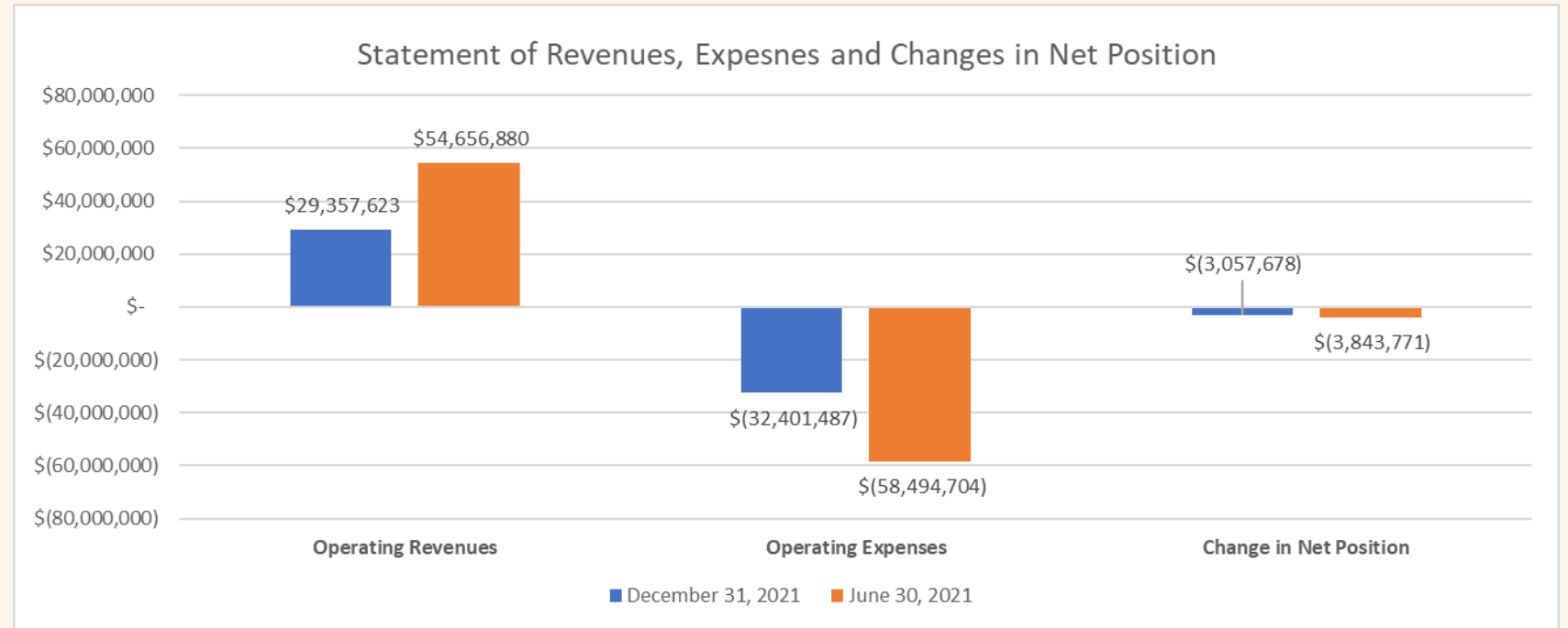
- ↓ Cash decreased \$4.1M
- ↓ Accounts Receivable are down by \$1.7M
- ↓ Liabilities are down by \$2.8M
- ↓ Largest factor is Accrued cost of electricity – down \$2.1M
- ↓ Net position is down \$3.1M



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

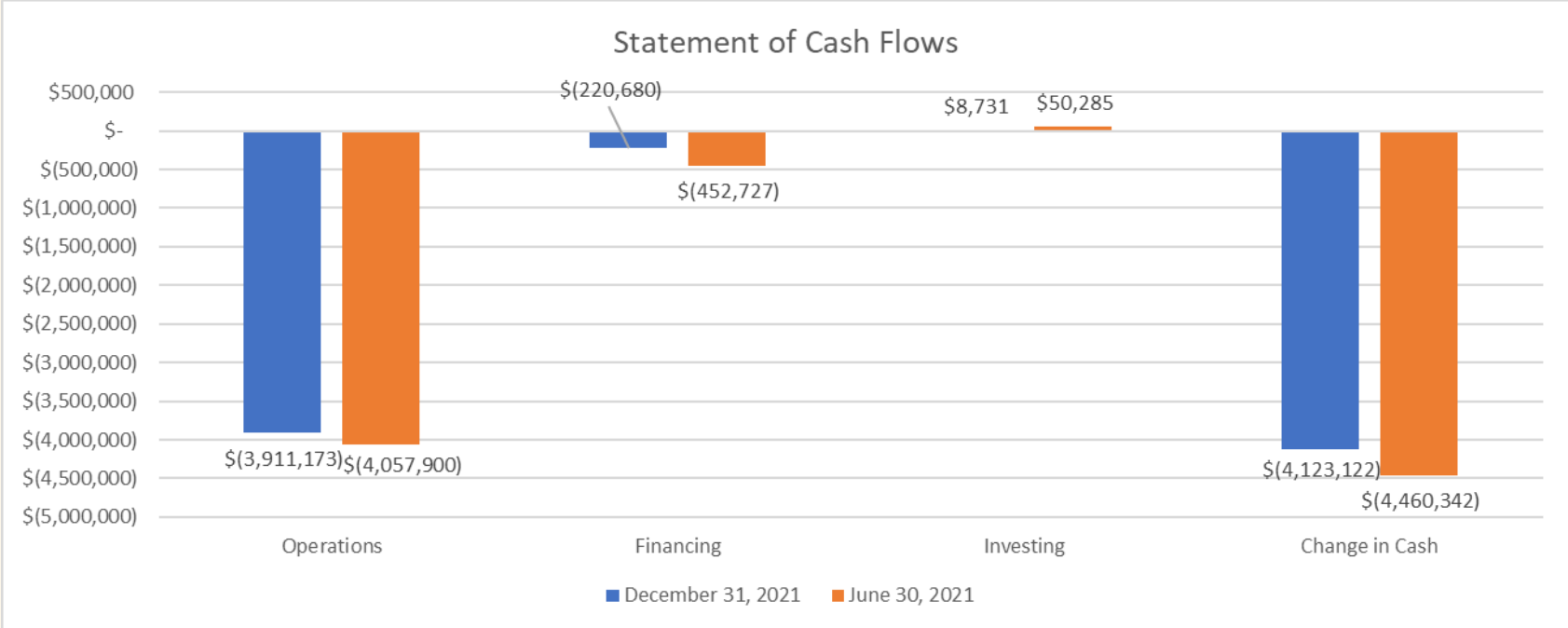
Primary drivers:

- Electricity sales and costs for 6 month period versus 12 month
- Conscious pricing decisions
- COVID19



STATEMENT OF CASH FLOWS

- ▾ Operation used \$3.9M of cash
- ▾ Financing used \$220k of cash
- ▾ Net cash used in the 6 months was \$4.1M

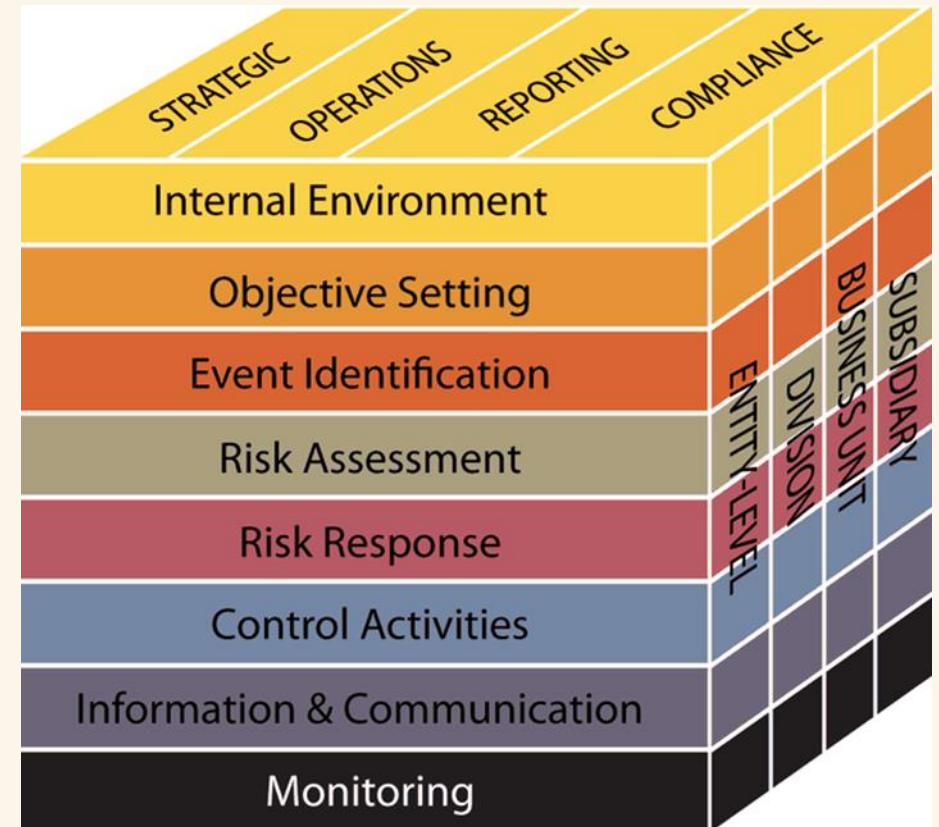


NOTES

- Pages 12-18
 - Note 1, page 12 describes the change in fiscal year end
 - Note 1, page 14 summarizes restricted and unrestricted net position
 - Note 3, page 15 shows receivables and accrued; the allowance assumes certain reimbursements from the state for customer delinquent accounts.
 - Note 4 page 16, Line of Credit; balance at year end was zero
 - Note 4 page 16, chart shows payments made on term loan from River City Bank
 - Note 6 page 17, describes management consideration of GASB 87 implementation for leases
 - Note 10 page 18, describes management plans regarding future changes in customer rates

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

- One Material Weaknesses identified
 - 2021-01 Closing Entries
- No instances of noncompliance identified



Thank you to
Valley Clean Energy Alliance staff
for the partnership
in completing this engagement.

QUESTIONS?

James Marta CPA, CGMA, ARPM

