Special Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, June 15, 2023 at 6:00 p.m.
City of Davis Veterans Memorial Center / Multi-Purpose Room
203 East 14th Street, Davis, California 95616

VCE's 5-Year Anniversary Celebration, open to the public, will begin at 5 p.m.

Board Members will be attending in-person and public participation will be in-person or 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/88092333510
   Meeting ID: 880 9233 3510
b. **By phone:**
   One tap mobile:
   +1-669-444-9171,, 88092333510# US
   +1-669-900-9128,, 88092333510# US

Or Dial:
+1-669-444-9171 US
+1-669-900-9128 US
Meeting ID: 880 9233 3510

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), Gary Sandy (Vice Chair, Yolo County), Jesse Loren (City of Winters), Will Arnold (City of Davis), Mayra Vega (City of Woodland), Lucas Frerichs (Yolo County), Richard Casavecchia (City of Winters), Bapu Vaitla (City of Davis)

6:00 p.m. Call to Order

1. **Welcome.**
2. **Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda or are listed on the Consent portion of the agenda. Public comments on matters listed on the 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 April 13, 2023 Board meeting Minutes.**
4. **Receive 2023 Long Range Calendar.**
5. **Receive financial updates: A) January 31, 2023; B) February 28, 2023; C) March 31, 2023; and, D) April 30, 2023 (unaudited) financial statements.**
6. **Receive Legislative update provided by Pacific Policy Group.**
7. **Receive June 7, 2023 Regulatory update provided by Keyes & Fox.**
8. **Receive Community Advisory Committee April 27, 2023 meeting summary and copy of Task Group Charges: 1) Programs & Outreach and 2) Strategic Plan.**
9. **Receive final Calendar Year 2022 Financial Audit Report.**
10. **Ratification of VCE's positions on legislative bills: A) AB 50 (Interconnection) - Support and B) AB 1373 (Central Procurement. Resource Adequacy) Oppose Unless Amended and Neutral (updated position). (Action)**
11. **Approve Amendment #2 to contract with Polaris Inc. for implementation of the AgFIT (Flexible Irrigation Technology) dynamic pricing pilot program. (Action)**
12. **Approve contract with Yolo County for the Electrification Retrofit Rebate Outreach Program (ERRO). (Action)**

13. **Approve Phase 1 extension of VCE's Electric Vehicle Rebate Pilot Program and received input from Community Advisory Committee on Phase 2 program design elements. (Action)**

REGULAR AGENDA

14. **Consider reappointment/appointment(s) to jurisdiction seats on Community Advisory Committee. (Action)**
15. **Mid-Year 2023 Financial update. (Information)**
16. **Recap of CalCCA May 2023 Annual Conference. (Information)**
17. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
18. **Adjournment/Announcement:** The Board will adjourn into Closed Session. The Board's next regular meeting is scheduled for Thursday, July 13, 2023 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695.

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 April 13, 2023 meeting

DATE: June 15, 2023

RECOMMENDATION

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

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

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, April 13, 2023 at 5:30 p.m., to be held at City of Davis Community Chambers located at 23 Russell Blvd., Davis, California 95616. Vice Chair Gary Sandy established that there was a quorum present and began the meeting at 5:33 p.m.

Board Members Present:	Gary Sandy (departed at 5:49 p.m.), Jesse Loren, Will Arnold, Mayra Vega, Lucas Frerichs (departed at 5:49 p.m.), Albert Vallecillo (alternate Winters), Bapu Vaitla, Tania Garcia-Cadena (alternate Woodland, arrived at 5:43 p.m.)
Members Absent:	Tom Stallard, Richard Casavecchia

Welcome and Board Clerk Administering the Oath of Office

Vice Chair Sandy welcomed the Board and alternate member. The Board Clerk administered the Oath of Office to Albert Vallecillo (alternate – City of Winters).

Public Comment – General and Consent

Vice Chair Sandy opened the floor for public comment on both the agenda and Consent agenda items. There were no written or verbal public comment.

Approval of Consent Agenda / Resolution 2023-005

Motion made by Director Frerichs to approve the consent agenda items, seconded by Director Loren. Motion passed with Stallard, Casavecchia, and Garcia-Cadena (alternate) absent. The following items were:
3. Approved February 9, 2023 Board meeting Minutes;
4. Received 2023 Long Range Calendar;
5. Received Legislative update provided by Pacific Policy Group;
6. Received March 2023 Regulatory update dated April 5, 2023 provided by Keyes & Fox;
7. Received Community Advisory Committee February 23, 2023 meeting summary;
8. Received SACOG Grant – Electrify Yolo Project update;
9. Received bi-annual Enterprise Risk Management Report;
10. Authorized VCE to request extension to comply with the California Energy Commission's Market Informed Demand Automation Servicer (MIDAS) rates upload; and,

11. Approved amendments and task orders to the Sacramento Municipal Utilities District (SMUD) Master Service Agreement as Resolution 2023-005 the following:

a. Amendment 1 to Master Services Agreement;
b. Amendment 32 to Task Order 3 – reduce scope of Wholesale Energy Services (WES);
c. Task Order 7 – Data Management and Customer Call Center Services;
d. Task Order 8 - Consulting Services; and,
e. Task Order 9 – Debt Collection Service.

Regular Agenda	Vice Chair Gary Sandy announced that Regular Agenda Item 13 – Calendar Year 2022 Financial Audit will be taken before Item 12 – Gibson Power Purchase Agreement.
Item 13: Receive and accept audited financial statements for Calendar Year 2022 presented by James Marta & Company. (Action)	VCE Staff Edward Burnham introduced this item and James Marta of James Marta & Company whose firm prepared VCE's calendar year 2022 financial audit. Mr. Marta provided highlights of the audit. Mr. Burnham provided some additional comments about the small movement in cash flow. Director Tania Garcia-Cadena (alternate – City of Woodland) arrived at 5:43 p.m. The Board Clerk administered the Oath of Office to Tania Garcia-Cadena. The Board briefly discussed with Staff the causes for the revenue change. The were no verbal or written public comments. Motion made by Director Vega to: 1. Accept and approve the Draft Audited Financial Statements for the period of January 1, 2022, to December 31, 2022; 2. Accept the Draft Communication with Governance Letter; and 3. Accept the Draft Internal Control Letter. This motion was seconded by Director Frerichs. Motion passed by the following vote: AYES: Sandy, Loren, Arnold, Vega, Frerichs, Vallecillo (Alt.), Vaitla, Garcia-Cadena (Alt.) NOES: None ABSENT: Stallard, Casavecchia ABSTAIN: None
Item 12: Discuss and approve the Amended and	VCE Board Members Gary Sandy and Lucas Frerichs, both Yolo County Board of Supervisors, recused themselves from Item 12 – Amended and Restated Gibson Renewables, LLC Power Purchase Agreement. Directors Sandy and

Restated Renewables Power Purchase Agreement with Gibson Renewables LLC. (Discussion/Action) / Resolution 2023-006	Frerichs departed the meeting at 5:49 p.m. Past Chair Jesse Loren took over chairing the Board meeting. Executive Officer Mitch Sears introduced this item. Mr. Sears introduced VCE Staff Gordon Samuel who introduced: Kevin Fox of Keyes & Fox (VCE's legal counsel), Jamie Nagel (Emeren, the developer of the Gibson project), and Mac Moore (Emeren). Mr. Samuel provided the background and overview of the Gibson solar and battery storage project. Ms. Nagel reviewed the site details and multi-plan features. Mr. Samuel provided highlights of partnerships and labor agreements, status of development, a potential grant opportunity involving this project and the Capay Valley, and reviewed Staff's recommendation. Mr. Sears commented that this project is a reflection of the nimbleness of CCAs/VCE to engage with the developer to move forward with a project. Currently, the system is weak and unreliable – this project will assist with improving transmission at the local level to historically underserved areas. There were no questions from the Board. Director Loren commented that they are very pleased that this project is moving forward. There were no verbal or written public comments. Motion made by Director Vallecillo (Alt.) to approve resolution authorizing the Executive Officer to execute an amended Power Purchase Agreement (PPA) and any necessary ancillary documents for the Gibson renewable photovoltaic (PV) pus batter storage (BESS) project, seconded by Director Arnold. Motion passed with the following vote: AYES: Loren, Arnold, Vega, Vallecillo (Alt.), Vaitla, Garcia-Cadena (Alt.) NOES: None ABSENT: Sandy, Frerichs, Stallard, Casavecchia ABSTAIN: None
Item 14: Receive Treasury and Finance Update (Information)	Mr. Burnham introduced this item and Chad Rinde, VCE Treasurer and Yolo County Chief Financial Officer. Mr. Rinde introduced himself and provided a brief background of his responsibilities as VCE's Treasurer. He reviewed VCE's Investment Policy, the current banking environment, and VCE's risk assessment. Mr. Burnham reviewed the initial investment grade credit timeline; the process and interaction with VCE's consultant, PFM Financial Advisors; and Staff's requested action on this Board item. There were no verbal or written public comments.

Motion made by Director Arnold to receive Treasury and Finance Update and ratify the County of Yolo Investment Policy for the calendar year 2023 as the Investment Policy applicable to VCE, seconded by Director Vega. Motion passed by the following vote:

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

Item 15: Inflation Reduction Act (IRA): overview and items of interest to VCE Customers. (Information)

Mr. Sears introduced this item and VCE Staff Yvonne Hunter. Ms. Hunter provided an overview of the Inflation Reduction Act (IRA) and highlighted items of interest for VCE Customers. Ms. Hunter reviewed the planned VCE activities and highlighted resources available to the public. Mr. Sears informed those present that VCE is trying to be the resource for customers and member jurisdictions. There were no verbal or written public comments.

Item 16: Board Member and Staff Announcements

There were no announcements from the Board Members.

Mr. Sears reminded the Board that VCE is actively seeking applicants for appointment to the Community Advisory Committee. There are two events that Mr. Sears invited the Board Members to participate in: 1) California Honey Festival on Saturday, May 6th in downtown Woodland and 2) Celebrate Davis on Friday, May 12th.

Mr. Sears provided a brief regulatory update on several items: California Public Utilities Commission (CPUC) central procurement process on Resource Adequacy (RA); CPUC's draft resolution on limiting CCA expansion; and, Staff are tracking legislative bills on 1) the proposal to streamline the process for grid expansion and 2) regionalization (interconnection) in the western states.

Announcement and Adjournment

Director Jesse Loren announced that the Board has scheduled their next regular meeting for Thursday, May 11, 2023 at the City of Woodland Council Chambers.

Director Jesse Loren adjourned the regular Board meeting at 6:44 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: June 15, 2023

Recommendation

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

VALLEY CLEAN ENERGY

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

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

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

July 27, 2023	**Advisory Committee (Woodland)**		
August 10, 2023	**Board (Davis)**		
August 24, 2023	**Advisory Committee (Davis)**	• Customer Participation Update • Strategic Plan Draft	• Information • Discussion/Action
September 14, 2023	**Board (Woodland)**	• Certification of Standard and UltraGreen Products / 2022 Power Content Label (Annual) • Strategic Plan Draft	• Action • Discussion/Action
September 28, 2023	**Advisory Committee (Woodland)**	• Legislative End of Session update • Update on 3-Year Programs Plan and 2024 program concepts	• Information • Discussion/Action
October 12, 2023	**Board (Davis)**	• Update on SACOG Grant – Electrify Yolo • Update on 2024 draft Operating Budget • Customer Participation Update • Strategic Plan final Draft • Update on Programs Plan and 2024 program concepts • Status of SACOG Grant – Electrify Yolo	• Information • Information • Information • Information/Discussion • Discussion/Action • Information/Discussion
October 26, 2023	**Advisory Committee (Davis)**	• Update on Power Content Label Customer Mailer • Customer Participation Update • Review CAC Task Group Year-end Reports • Draft 2024 Legislative Platform • Review CAC Charge *(placeholder)*	• Information • Information • Discussion • Discussion/Action • Discussion/Action
November 9, 2023	**Board (Woodland)**	• Power Procurement / Renewable Portfolio Standard Update • 2024 Operating Budget Update • 2024 Legislative Platform	• Information • Information/Discussion • Discussion/Action
~~November 23, 2023~~ **November 16, 2023** **(rescheduled to November 16th due to the Thanksgiving holiday on Nov. 23rd.)**	**Advisory Committee (Woodland)**	• GHG Free Attributes	• Information

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

Notes: 1. CalCCA Annual Meeting scheduled for May 17 - 19, 2023 (San Diego).
2. Starting in March 2023 all meetings will be held in person.

CAC *PROPOSED* FUTURE TOPICS **Topics and Discussion dates may change as needed**	**ESTIMATED MEETING DATE(S)**
Self Generation Incentive Program (SGIP)	TBD
VCE Forecasting Overview (a "road map" what goes into forecasting)	Quarter 3
Strategic Plan (Annual Report) to Board and CAC	February 2024
Interconnection	
Net Energy Metering (NEM) 3.0 (Information/Discussion/Action - As needed)	
Agri-voltaics	
Improving Resiliency during Power Outages	
Legislative Items (as needed)	
Strategic Plan additional updates (as needed)	
SACOG Update (as needed)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5A

TO: Board of Directors

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

SUBJECT: Financial Update – January 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 2023

DATE: June 15, 2023

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of January 1, 2023 to January 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending January 31, 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 January 31, 2023.

<u>Financial Statements for the period January 1, 2023 – January 31, 2023</u>
In the Statement of Net Position, VCE, as of January 31, 2023, has a total of $5,968,106 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 $2,066,806 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of January 31, 2023 a total of $11,939. 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 $487,492 and a long-term portion of 181,284. On January 31, 2022, VCE's net position was $13,814,322.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $ 6,405,983 of revenue (net of allowance for doubtful accounts), of which $6,523,365 was billed in January, and $3,236,478 represent estimated unbilled revenue. The cost of electricity for the January revenue totaled $7,586,903. For January, VCE's gross margin was approximately -7% and the net loss totaled ($1,596,212). The year-to-date change in net position was ($1,596,212).

In the Statement of Cash Flows, VCE cash flows from operations were 1,326,151 due to January cash receipts of revenues being more than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending January 31, 2023</u>
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($1,888,017) and -23% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.

- Purchased Power – ($321,903) and -4% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.

- Wholesale Energy Services – (66,810) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.

- Programs – AgFIT – 53,995 and 98% favorable variance for timing difference for the amortized budget.

Attachments:
1) Financial Statements (Unaudited) January 1, 2023 to January 31, 2023 (with comparative year to date information.)
2) Actual vs. Budget for the year to date ending January 31, 2023

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023

PREPARED ON APRIL 6, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
JANUARY 31, 2023
(UNAUDITED)

ASSETS		
Current assets:		
Cash in Yolo County Treasury		
Cash and cash equivalents	$	5,968,106
Accounts receivable, net of allowance		10,629,761
Accrued revenue		3,348,687
Prepaid expenses		16,636
Other current assets and deposits		1,959,196
Total current assets		21,922,386
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		2,066,806
Total restricted assets		3,166,806
Noncurrent assets:		
Total noncurrent assets		-
TOTAL ASSETS	$	25,089,192
LIABILITIES		
Current liabilities:		
Accounts payable	$	544,370
Accrued payroll		130,095
Interest payable		2,056
Due to member agencies		11,939
Accrued cost of electricity		7,161,025
Other accrued liabilities		891,373
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		65,237
Limited Term Loan		487,492
Total current liabilities		11,093,587
Noncurrent liabilities		
Term Loan- RCB		181,284
Total noncurrent liabilities		181,284
TOTAL LIABILITIES	$	11,274,871
NET POSITION		
Net position:		
Local Programs Reserve		224,500
Restricted		3,166,806
Unrestricted		10,423,016
TOTAL NET POSITION	$	13,814,322

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JANUARY 1, 2023 TO JANUARY 31, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 6,405,983	$ 6,405,983
Other revenue	41,844	41,844
TOTAL OPERATING REVENUES	6,447,827	6,447,827
OPERATING EXPENSES		
Cost of electricity	7,586,903	7,586,903
Contract services	303,268	303,268
Staff compensation	118,805	118,805
General, administration, and other	46,325	46,325
TOTAL OPERATING EXPENSES	8,055,301	8,055,301
TOTAL OPERATING INCOME (LOSS)	(1,607,474)	(1,607,474)
NONOPERATING REVENUES (EXPENSES)		
Interest income	13,259	13,259
Interest and related expenses	(1,997)	(1,997)
TOTAL NONOPERATING REVENUES (EXPENSES)	11,262	11,262
CHANGE IN NET POSITION	(1,596,212)	(1,596,212)
Net position at beginning of period	15,410,534	15,410,534
Net position at end of period	$ 13,814,322	$ 13,814,322

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2023	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 6,959,389	$ 6,959,389
Payments received from other revenue sources	41,844	41,844
Payments to purchase electricity	(5,034,903)	(5,034,903)
Payments for contract services, general, and adminstration	(535,184)	(535,184)
Payments for staff compensation	(104,995)	(104,995)
Net cash provided (used) by operating activities	1,326,151	1,326,151
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loans from member agencies		
Draw of line of credit		
Transfer to restricted cash		
Principal payments of Debt	137,808	137,808
Interest and related expenses	(2,189)	(2,189)
Net cash provided (used) by non-capital financing activities	135,619	135,619
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	13,259	13,259
Net cash provided (used) by investing activities	13,259	13,259
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,475,029	1,475,029
Cash and cash equivalents at beginning of period	7,659,883	7,659,883
Cash and cash equivalents at end of period	$ 9,134,912	$ 9,134,912
Cash and cash equivalents included in:		
Cash and cash equivalents	5,968,106	5,968,106
Restricted assets	3,166,806	3,166,806
Cash and cash equivalents at end of period	$ 9,134,912	$ 9,134,912

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1 TO JANUARY 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING JANUARY 31, 2023	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (1,607,474)	$ (1,607,474)
(Increase) decrease in net accounts receivable	455,325.88	455,325.88
(Increase) decrease in accrued revenue	81,710	81,710.00
(Increase) decrease in prepaid expenses	(16,636)	(16,636.00)
Increase (decrease) in accounts payable	144,841	144,841.00
Increase (decrease) in accrued payroll	13,810	13,810.00
Increase (decrease) in due to member agencies	(194,505)	(194,505.00)
Increase (decrease) in accrued cost of electricity	2,552,000	2,552,000.00
Increase (decrease) in other accrued liabilities	(119,291)	(119,291.49)
Increase (decrease) in user taxes and energy surcharges	16,371	16,371.00
Net cash provided (used) by operating activities	$ 1,326,151	$ 1,326,151

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 01/31/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 6,405,983	$ 8,294,000	$ (1,888,017)	-23%
Interest Revenues	$ 13,259	$ 3,500	$ 9,759	279%
Purchased Power	$ 7,586,903	$ 7,265,000	$ 321,903	4%
Purchased Power Base	$ 7,586,903	$ 6,919,000	$ 667,903	10%
Purchased Power Contingency 2%	$ -	$ 346,000	$ (346,000)	-100%
Labor & Benefits	$ 115,866	$ 120,200	$ (4,334)	-4%
Salaries & Wages/Benefits	$ 92,568	$ 100,000	$ (7,432)	-7%
Contract Labor (SMUD Staff Aug)	$ -	$ 2,500	$ (2,500)	-100%
Human Resources & Payroll	$ 23,298	$ 17,700	$ 5,598	32%
Office Supplies & Other Expenses	$ 17,029	$ 17,200	$ (171)	-1%
Technology Costs	$ 3,432	$ 3,100	$ 332	11%
Office Supplies	$ 1,610	$ 200	$ 1,410	705%
Travel	$ -	$ 500	$ (500)	-100%
CalCCA Dues	$ 10,752	$ 11,100	$ (348)	-3%
CC Power	$ -	$ 2,100	$ (2,100)	-100%
Memberships	$ 1,235	$ 200	$ 1,035	518%
Contractual Services	$ 275,874	$ 224,400	$ 51,474	23%
Other Contract Services	$ -	$ 2,200	$ (2,200)	-100%
Don Dame	$ 800	$ 900	$ (100)	-11%
SMUD - Credit Support	$ 35,076	$ 45,600	$ (10,524)	-23%
SMUD - Wholesale Energy Services	$ 118,110	$ 51,300	$ 66,810	130%
SMUD - Call Center	$ 68,646	$ 69,100	$ (454)	-1%
SMUD - Operating Services	$ 18,694	$ 5,300	$ 13,394	253%
Commercial Legal Support	$ 3,860	$ 2,500	$ 1,360	54%
Legal General Counsel	$ -	$ 13,600	$ (13,600)	-100%
Regulatory Counsel	$ 13,765	$ 17,500	$ (3,736)	-21%
Joint CCA Regulatory counsel	$ 3,959	$ 2,800	$ 1,159	41%
Legislative - (Lobbyist)	$ 5,500	$ 5,500	$ -	0%
Accounting Services	$ 5,964	$ 2,400	$ 3,564	149%
Financial Consultant	$ -	$ 3,500	$ (3,500)	-100%
Audit Fees	$ 1,500	$ 2,200	$ (700)	-32%
Marketing	$ 27,444	$ 22,000	$ 5,444	25%
Marketing Collateral	$ 27,394	$ 21,000	$ 6,394	30%
Community Engagement Activities & Sponsorships	$ 50	$ 1,000	$ (950)	-95%
Programs	$ 21,036	$ 14,500	$ (14,500)	-100%
Program Costs	$ -	$ 14,500	$ (14,500)	-100%
Programs - EV	$ 14,950	$ -	$ 14,950	100%
Programs - AgFIT	$ 1,005	$ 55,000	$ (53,995)	-98%
Programs - Heat Pump	$ 5,081	$ -	$ 5,081	100%
Rents & Leases	$ 8,238	$ 2,200	$ 6,038	274%
Hunt Boyer Mansion	$ 8,238	$ 2,200	$ 6,038	274%
Other A&G	$ 2,911	$ 38,150	$ (35,239)	-92%
Development - New Members	$ -	$ 2,100	$ (2,100)	-100%
Strategic Plan Implementation	$ -	$ 12,000	$ (12,000)	-100%
PG&E Data Fees	$ (29)	$ 23,000	$ (23,029)	-100%
Insurance	$ 2,940	$ 950	$ 1,990	209%
Banking Fees	$ -	$ 100	$ (100)	-100%
Miscellaneous Operating Expenses	$ -	$ 600	$ 600	100%
Contingency	$ -	$ 20,000	$ 20,000	100%
TOTAL OPERATING EXPENSES	$ 8,055,300	$ 7,724,250	$ 351,214	5%
Interest on RCB loan	$ 1,997	$ 2,200	$ (203)	-9%
Interest Expense - Bridge Loan	$ -	$ 2,500	$ (2,500)	-100%
NET INCOME	$ (1,638,056)	$ 568,550	$ (2,226,770)	-392%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5B

TO: Board of Directors

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

SUBJECT: Financial Update – February 28, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending February 23, 2023

DATE: June 15, 2023

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of February 1, 2023 to February 28, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 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 February 28, 2023.

<u>Financial Statements for the period February 1, 2023 – February 31, 2023</u>
In the Statement of Net Position, VCE, as of February 28, 2023, has a total of $2,200,070 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 $3,404,816 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of

February 28, 2023 a total of $11,939. 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 $443,882 and long-term portion of 181,284. On February 28, 2022, VCE's net position is $13,769,235.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $ 5,897,893 of revenue (net of allowance for doubtful accounts), of which $5,652,061 was billed in February, and $3,659,130 represent estimated unbilled revenue. The cost of electricity for the February revenue totaled $5,397,922. For February, VCE's gross margin was approximate 8% and net loss totaled ($45,087). The year-to-date change in net position was ($1,641,299).

In the Statement of Cash Flows, VCE cash flows from operations were (2,398,369) due to February cash receipts of revenues being less than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending February 28, 2023</u>
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($2,644,124) and -18% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.

- Purchased Power – ($183,825) and -1% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.

- Wholesale Energy Services – (133,322) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.

- Operational Support Services (SMUD) – ($52,868) and 499% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.

- Programs – AgFIT – 66,806 and 61% favorable variance for timing difference for the amortized budget.

Attachments:

3) Financial Statements (Unaudited) February 1, 2023 to February 28, 2023 (with comparative year to date information.)
4) Actual vs. Budget for the year to date ending February 28, 2023

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023

PREPARED ON APRIL 6, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
FEBRUARY 28, 2023
(UNAUDITED)

ASSETS		
Current assets:		
Cash in Yolo County Treasury		
Cash and cash equivalents	$	2,200,070
Accounts receivable, net of allowance		10,480,628
Accrued revenue		3,659,130
Prepaid expenses		39,876
Other current assets and deposits		1,959,196
Total current assets		18,338,901
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		3,404,816
Total restricted assets		4,504,816
Noncurrent assets:		
Total noncurrent assets		-
TOTAL ASSETS	$	22,843,717
LIABILITIES		
Current liabilities:		
Accounts payable	$	557,829
Accrued payroll		136,943
Interest payable		1,736
Due to member agencies		11,939
Accrued cost of electricity		4,867,081
Other accrued liabilities		1,044,486
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		29,302
Limited Term Loan		443,882
Total current liabilities		8,893,198
Noncurrent liabilities		
Term Loan- RCB		181,284
Total noncurrent liabilities		181,284
TOTAL LIABILITIES	$	9,074,482
NET POSITION		
Net position:		
Local Programs Reserve		224,500
Restricted		4,504,816
Unrestricted		9,039,919
TOTAL NET POSITION	$	13,769,235

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF FEBRUARY 1, 2023 TO FEBRUARY 28, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 5,897,893	$ 12,303,876
Other revenue	-	$ 41,844
TOTAL OPERATING REVENUES	5,897,893	$ 12,345,720
OPERATING EXPENSES		
Cost of electricity	5,397,922	$ 12,984,825
Contract services	342,607	$ 645,875
Staff compensation	125,632	$ 244,437
General, administration, and other	89,092	$ 135,417
TOTAL OPERATING EXPENSES	5,955,253	$ 14,010,554
TOTAL OPERATING INCOME (LOSS)	(57,360)	$ (1,664,834)
NONOPERATING REVENUES (EXPENSES)		
Interest income	14,009	$ 27,268
Interest and related expenses	(1,736)	$ (3,733)
TOTAL NONOPERATING REVENUES (EXPENSES)	12,273	$ 23,535
CHANGE IN NET POSITION	(45,087)	$ (1,641,299)
Net position at beginning of period	13,814,322	$ 29,224,856
Net position at end of period	$ 13,769,235	$ 27,583,557

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2023	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 5,700,648	$ 12,660,037
Payments received from other revenue sources	-	$ 41,844
Payments to purchase electricity	(7,691,866)	$ (12,726,769)
Payments for contract services, general, and adminstration	(288,367)	$ (823,551)
Payments for staff compensation	(118,784)	$ (223,779)
Net cash provided (used) by operating activities	(2,398,369)	(1,072,218)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(43,610)	94,198
Interest and related expenses	(2,056)	(4,245)
Net cash provided (used) by non-capital financing activities	(45,666)	89,953
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	14,009	27,268
Net cash provided (used) by investing activities	14,009	27,268
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,430,026)	(954,997)
Cash and cash equivalents at beginning of period	9,134,912	16,794,795
Cash and cash equivalents at end of period	$ 6,704,886	$ 15,839,798
Cash and cash equivalents included in:		
Cash and cash equivalents	2,200,070	8,168,176
Restricted assets	4,504,816	7,671,622
Cash and cash equivalents at end of period	$ 6,704,886	$ 15,839,798

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

		FOR THE PERIOD ENDING FEBRUARY 28, 2023		YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$	(57,360)	$	(1,664,834)
(Increase) decrease in net accounts receivable		149,132.76		604,459
(Increase) decrease in accrued revenue		(310,443)		(228,733)
(Increase) decrease in prepaid expenses		(23,240)		(39,876)
Increase (decrease) in accounts payable		13,459		158,300
Increase (decrease) in accrued payroll		6,848		20,658
Increase (decrease) in due to member agencies		-		(194,505)
Increase (decrease) in accrued cost of electricity		(2,293,944)		258,056
Increase (decrease) in other accrued liabilities		153,113		33,822
Increase (decrease) in user taxes and energy surcharges		(35,935)		(19,564)
Net cash provided (used) by operating activities	$	(2,398,369)	$	(1,072,218)

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 02/28/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 12,303,876	$ 14,948,000	$ (2,644,124)	-18%
Interest Revenues	$ 27,268	$ 7,000	$ 20,268	290%
Purchased Power	$ 12,984,825	$ 12,801,000	$ 183,825	1%
Purchased Power Base	$ 12,984,825	$ 12,191,000	$ 793,825	7%
Purchased Power Contingency 2%	$ -	$ 610,000	$ (610,000)	-100%
Labor & Benefits	$ 238,554	$ 240,400	$ (1,846)	-1%
Salaries & Wages/Benefits	$ 188,955	$ 200,000	$ (11,045)	-6%
Contract Labor (SMUD Staff Aug)	$ -	$ 5,000	$ (5,000)	-100%
Human Resources & Payroll	$ 49,599	$ 35,400	$ 14,199	40%
Office Supplies & Other Expenses	$ 32,307	$ 34,400	$ (2,093)	-6%
Technology Costs	$ 6,302	$ 6,200	$ 102	2%
Office Supplies	$ 2,266	$ 400	$ 1,866	466%
Travel	$ -	$ 1,000	$ (1,000)	-100%
CalCCA Dues	$ 21,504	$ 22,200	$ (696)	-3%
CC Power	$ -	$ 4,200	$ (4,200)	-100%
Memberships	$ 2,235	$ 400	$ 1,835	459%
Contractual Services	$ 584,681	$ 445,500	$ 139,181	31%
Other Contract Services	$ -	$ 4,400	$ (4,400)	-100%
Don Dame	$ 507	$ 1,800	$ (1,293)	-72%
SMUD - Credit Support	$ 69,508	$ 87,800	$ (18,292)	-21%
SMUD - Wholesale Energy Services	$ 235,922	$ 102,600	$ 133,322	130%
SMUD - Call Center	$ 137,345	$ 138,300	$ (955)	-1%
SMUD - Operating Services	$ 63,468	$ 10,600	$ 52,868	499%
Commercial Legal Support	$ 11,900	$ 5,000	$ 6,900	138%
Legal General Counsel	$ 4,171	$ 27,200	$ (23,029)	-85%
Regulatory Counsel	$ 27,530	$ 35,000	$ (7,471)	-21%
Joint CCA Regulatory counsel	$ 8,338	$ 5,600	$ 2,738	49%
Legislative - (Lobbyist)	$ 10,500	$ 11,000	$ (500)	-5%
Accounting Services	$ 12,492	$ 4,800	$ 7,692	160%
Financial Consultant	$ -	$ 7,000	$ (7,000)	-100%
Audit Fees	$ 3,000	$ 4,400	$ (1,400)	-32%
Marketing	$ 61,247	$ 44,000	$ 17,247	39%
Marketing Collateral	$ 61,197	$ 42,000	$ 19,197	46%
Community Engagement Activities & Sponsorships	$ 50	$ 2,000	$ (1,950)	-98%
Programs	$ 74,625	$ 29,000	$ (29,000)	-100%
Program Costs	$ -	$ 29,000	$ (29,000)	-100%
Programs - EV	$ 26,350	$ -	$ 26,350	100%
Programs - AgFIT	$ 43,194	$ 110,000	$ (66,806)	-61%
Programs - Heat Pump	$ 5,081	$ -	$ 5,081	100%
Rents & Leases	$ 6,588	$ 4,400	$ 2,188	50%
Hunt Boyer Mansion	$ 6,588	$ 4,400	$ 2,188	50%
Other A&G	$ 27,727	$ 76,300	$ (48,573)	-64%
Development - New Members	$ -	$ 4,200	$ (4,200)	-100%
Strategic Plan Implementation	$ -	$ 24,000	$ (24,000)	-100%
PG&E Data Fees	$ 21,847	$ 46,000	$ (24,153)	-53%
Insurance	$ 5,880	$ 1,900	$ 3,980	209%
Banking Fees	$ -	$ 200	$ (200)	-100%
Miscellaneous Operating Expenses	$ -	$ 1,200	$ 600	50%
Contingency	$ -	$ 40,000	$ 20,000	50%
TOTAL OPERATING EXPENSES	$ 14,010,553	$ 13,716,200	$ 281,528	2%
Interest on RCB loan	$ 3,733	$ 4,300	$ (567)	-13%
Interest Expense - Bridge Loan	$ -	$ 2,500	$ (2,500)	-100%
NET INCOME	$ (1,683,143)	$ 1,232,000	$ (2,902,318)	-236%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5C

TO: Board of Directors

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

SUBJECT: Financial Update – March 31, 2023 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2023

DATE: June 15, 2023

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of March 1, 2023 to March 31, 2023 (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 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 March 31, 2023.

Financial Statements for the period March 1, 2023 – March 31, 2023
In the Statement of Net Position, VCE, as of March 31, 2023, has a total of $4,310,216 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 $3,412,240 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of March

31, 2023 a total of $6,084. 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 $399,953 and long-term portion of 181,284. On March 31, 2022, VCE's net position is $14,395,010.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $ 6,873,783 of revenue (net of allowance for doubtful accounts), of which $7,549,454 was billed in March, and $3,177,457 represent estimated unbilled revenue. The cost of electricity for the March revenue totaled $5,640,639. For March, VCE's gross margin was approximate 18% and net income totaled $625,775. The year-to-date change in net position was ($1,015,524).

In the Statement of Cash Flows, VCE cash flows from operations were 2,148,125 due to March cash receipts of revenues being more than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending March 31, 2023</u>
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($2,428,341) and -11% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.

- Purchased Power – ($435,464) and -2% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.

- Wholesale Energy Services – ($281,443) and 130% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.

- Operational Support Services (SMUD) – ($69,160) and 435% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.

- Programs – AgFIT – $100,752 and 61% unfavorable variance for timing difference for the amortized budget.

- Banking Fees – $74,950 or 100% unfavorable variance due to timing difference for renewal of letter of credit budgeted in May-23

Attachments:

5) Financial Statements (Unaudited) March 1, 2023 to March 31, 2023 (with comparative year to date information.)
6) Actual vs. Budget for the year to date ending March 31, 2023

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023

PREPARED ON MAY 16, 2023

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
MARCH 31, 2023
(UNAUDITED)

ASSETS		
Current assets:		
Cash in Yolo County Treasury		
Cash and cash equivalents	$	4,310,216
Accounts receivable, net of allowance		8,427,447
Accrued revenue		5,336,887
Prepaid expenses		31,411
Other current assets and deposits		1,959,196
Total current assets		20,065,156
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		3,412,240
Total restricted assets		4,512,240
Noncurrent assets:		
Total noncurrent assets		-
TOTAL ASSETS	$	24,577,396
LIABILITIES		
Current liabilities:		
Accounts payable	$	602,274
Accrued payroll		155,216
Interest payable		1,787
Due to member agencies		6,084
Accrued cost of electricity		5,853,987
Other accrued liabilities		1,136,887
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		44,914
Limited Term Loan		399,953
Total current liabilities		10,001,102
Noncurrent liabilities		
Term Loan- RCB		181,284
Total noncurrent liabilities		181,284
TOTAL LIABILITIES	$	10,182,386
NET POSITION		
Net position:		
Local Programs Reserve		224,500
Restricted		4,512,240
Unrestricted		9,658,270
TOTAL NET POSITION	$	14,395,010

FOR THE PERIOD OF MARCH 1, 2023 TO MARCH 31, 2023
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2023	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 6,873,783	$ 19,177,659
Other revenue	229,250	$ 271,094
TOTAL OPERATING REVENUES	7,103,033	$ 19,448,753
OPERATING EXPENSES		
Cost of electricity	5,640,639	$ 18,625,464
Contract services	329,369	$ 975,244
Staff compensation	142,872	$ 387,309
General, administration, and other	377,701	$ 513,118
TOTAL OPERATING EXPENSES	6,490,581	$ 20,501,135
TOTAL OPERATING INCOME (LOSS)	612,452	$ (1,052,382)
NONOPERATING REVENUES (EXPENSES)		
Interest income	15,110	$ 42,378
Interest and related expenses	(1,787)	$ (5,520)
TOTAL NONOPERATING REVENUES (EXPENSES)	13,323	$ 36,858
CHANGE IN NET POSITION	625,775	$ (1,015,524)
Net position at beginning of period	13,769,235	$ 42,994,091
Net position at end of period	$ 14,395,010	$ 41,978,567

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2023	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 7,264,821	$ 19,924,858
Payments received from other revenue sources	229,250	$ 271,094
Payments to purchase electricity	(4,653,733)	$ (17,380,502)
Payments for contract services, general, and adminstration	(567,614)	$ (1,391,165)
Payments for staff compensation	(124,599)	$ (348,378)
Net cash provided (used) by operating activities	2,148,125	1,075,907
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(43,929)	50,269
Interest and related expenses	(1,736)	(5,981)
Net cash provided (used) by non-capital financing activities	(45,665)	44,288
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	15,110	42,378
Net cash provided (used) by investing activities	15,110	42,378
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,117,570	1,162,573
Cash and cash equivalents at beginning of period	6,704,886	23,499,681
Cash and cash equivalents at end of period	$ 8,822,456	$ 24,662,254
Cash and cash equivalents included in:		
Cash and cash equivalents	4,310,216	12,478,392
Restricted assets	4,512,240	12,183,862
Cash and cash equivalents at end of period	$ 8,822,456	$ 24,662,254

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2023
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MARCH 31, 2023	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 612,452	$ (1,052,382)
(Increase) decrease in net accounts receivable	2,053,181.84	2,657,640
(Increase) decrease in accrued revenue	(1,677,756)	(1,906,490)
(Increase) decrease in prepaid expenses	8,465	(31,411)
Increase (decrease) in accounts payable	44,445	202,745
Increase (decrease) in accrued payroll	18,273	38,931
Increase (decrease) in due to member agencies	(5,855)	(200,360)
Increase (decrease) in accrued cost of electricity	986,906	1,244,962
Increase (decrease) in other accrued liabilities	92,402	126,223
Increase (decrease) in user taxes and energy surcharges	15,611	(3,952)
Net cash provided (used) by operating activities	$ 2,148,125	$ 1,075,907

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 03/31/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 19,177,659	$ 21,606,000	$ (2,428,341)	-11%
Interest Revenues	$ 42,378	$ 10,500	$ 31,878	304%
Purchased Power	$ 18,625,464	$ 18,190,000	$ 435,464	2%
Purchased Power Base	$ 18,625,464	$ 17,323,000	$ 1,302,464	8%
Purchased Power Contingency 2%	$ -	$ 867,000	$ (867,000)	-100%
Labor & Benefits	$ 378,484	$ 360,600	$ 17,884	5%
Salaries & Wages/Benefits	$ 303,875	$ 300,000	$ 3,875	1%
Contract Labor (SMUD Staff Aug)	$ -	$ 7,500	$ (7,500)	-100%
Human Resources & Payroll	$ 74,609	$ 53,100	$ 21,509	41%
Office Supplies & Other Expenses	$ 81,485	$ 51,600	$ 29,885	58%
Technology Costs	$ 3,572	$ 9,300	$ (5,728)	-62%
Office Supplies	$ 3,073	$ 600	$ 2,473	412%
Travel	$ -	$ 1,500	$ (1,500)	-100%
CalCCA Dues	$ 32,256	$ 33,300	$ (1,044)	-3%
CC Power	$ 41,029	$ 6,300	$ 34,729	551%
Memberships	$ 1,555	$ 600	$ 955	159%
Contractual Services	$ 913,535	$ 694,800	$ 218,735	31%
Other Contract Services	$ -	$ 6,600	$ (6,600)	-100%
Don Dame	$ 828	$ 2,700	$ (1,872)	-69%
SMUD - Credit Support	$ 91,111	$ 133,200	$ (42,089)	-32%
SMUD - Wholesale Energy Services	$ 460,343	$ 178,900	$ 281,443	157%
SMUD - Call Center	$ 206,152	$ 207,500	$ (1,348)	-1%
SMUD - Operating Services	$ 85,060	$ 15,900	$ 69,160	435%
Commercial Legal Support	$ 8,396	$ 7,500	$ 896	12%
Legal General Counsel	$ 3,811	$ 40,800	$ (36,989)	-91%
Regulatory Counsel	$ 20,672	$ 52,500	$ (31,829)	-61%
Joint CCA Regulatory counsel	$ 5,525	$ 8,400	$ (2,875)	-34%
Legislative - (Lobbyist)	$ 16,500	$ 16,500	$ -	0%
Accounting Services	$ 6,637	$ 7,200	$ (563)	-8%
Financial Consultant	$ -	$ 10,500	$ (10,500)	-100%
Audit Fees	$ 8,500	$ 6,600	$ 1,900	29%
Marketing	$ 62,170	$ 66,000	$ (3,830)	-6%
Marketing Collateral	$ 61,712	$ 63,000	$ (1,288)	-2%
Community Engagement Activities & Sponsorships	$ 458	$ 3,000	$ (2,542)	-85%
Programs	$ 307,283	$ 43,500	$ (43,500)	-100%
Program Costs	$ -	$ 43,500	$ (43,500)	-100%
Programs - EV	$ 36,450	$ -	$ 36,450	100%
Programs - AgFIT	$ 265,752	$ 165,000	$ 100,752	61%
Programs - Heat Pump	$ 5,081	$ -	$ 5,081	100%
Rents & Leases	$ 4,938	$ 6,600	$ (1,662)	-25%
Hunt Boyer Mansion	$ 4,938	$ 6,600	$ (1,662)	-25%
Other A&G	$ 127,775	$ 114,450	$ 13,325	12%
Development - New Members	$ -	$ 6,300	$ (6,300)	-100%
Strategic Plan Implementation	$ -	$ 36,000	$ (36,000)	-100%
PG&E Data Fees	$ 43,705	$ 69,000	$ (25,295)	-37%
Insurance	$ 8,820	$ 2,850	$ 5,970	209%
Banking Fees	$ 75,250	$ 300	$ 74,950	24983%
Miscellaneous Operating Expenses	$ -	$ 600	$ 600	100%
Contingency	$ -	$ 20,000	$ 20,000	100%
TOTAL OPERATING EXPENSES	$ 20,501,134	$ 19,548,150	$ 686,901	4%
Interest on RCB loan	$ 5,520	$ 6,100	$ (580)	-10%
Interest Expense - Bridge Loan	$ -	$ 2,500	$ (2,500)	-100%
NET INCOME	$ (1,286,618)	$ 2,059,750	$ (3,080,285)	-150%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5D

TO: Board of Directors

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

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

DATE: June 15, 2023

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

<u>Financial Statements for the period April 1, 2023 – April 30, 2023</u>
In the Statement of Net Position, VCE, as of April 30, 2023, has a total of $3,817,909 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 $3,419,970 restricted assets for the Power

Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of April 30, 2023 a total of $6,734. 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 $356,074 and long-term portion of 181,284. On April 30, 2022, VCE's net position is $15,295,724.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $ 6,022,839 of revenue (net of allowance for doubtful accounts), of which $5,128,625 was billed in April, and $4,288,909 represent estimated unbilled revenue. The cost of electricity for the April revenue totaled $4,857,964. For April, VCE's gross margin was approximate 19% and net income totaled $900,714. The year-to-date change in net position was ($114,810).

In the Statement of Cash Flows, VCE cash flows from operations were (456,628) due to April cash receipts of revenues being less than the monthly cash operating expenses.

<u>Actual vs. Budget Variances for the year to date ending April 30, 2023</u>
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue – ($2,577,502) and -9% – Unfavorable variance revenue model error on the timing of rate change isolated to January-2023 and retail load variance lower than forecasted.

- Purchased Power – ($1,438,428) and -7% – Unfavorable variance due to gas prices driving short-term power market increases during winter months.

- Wholesale Energy Services – ($327,161) and 129% unfavorable variance related to the transition of services to TEA starting in Q123 budgeted for Q223.

- Operational Support Services (SMUD) – ($102,857) and 485% unfavorable variance related to Percentage of Income Payment Plan (PIPP) program implementation, bill presentment, and base green rate implementation.

- Banking Fees – $74,950 or 100% unfavorable variance due to timing difference for renewal of letter of credit budgeted in May-23

Attachments:

7) Financial Statements (Unaudited) April 1, 2023 to April 30, 2023 (with comparative year to date information.)
8) Actual vs. Budget for the year to date ending April 30, 2023

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2023

PREPARED ON JUNE 8, 2023

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

ASSETS	
Current assets:	
Cash in Yolo County Treasury	
Cash and cash equivalents	$ 3,817,909
Accounts receivable, net of allowance	10,171,782
Accrued revenue	4,288,910
Prepaid expenses	48,047
Other current assets and deposits	2,227,703
Total current assets	20,554,351
Restricted assets:	
Debt service reserve fund	1,100,000
Power purchase reserve fund	3,419,970
Total restricted assets	4,519,970
Noncurrent assets:	
Total noncurrent assets	-
TOTAL ASSETS	$ 25,074,321
LIABILITIES	
Current liabilities:	
Accounts payable	$ 662,161
Accrued payroll	92,243
Interest payable	1,599
Due to member agencies	6,734
Accrued cost of electricity	5,109,205
Other accrued liabilities	1,515,145
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	54,153
Limited Term Loan	356,074
Total current liabilities	9,597,314
Noncurrent liabilities	
Term Loan- RCB	181,284
Total noncurrent liabilities	181,284
TOTAL LIABILITIES	$ 9,778,598
NET POSITION	
Net position:	
Local Programs Reserve	224,500
Restricted	4,519,970
Unrestricted	10,551,254
TOTAL NET POSITION	$ 15,295,724

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

	FOR THE PERIOD ENDING APRIL 30, 2023		YEAR TO DATE	
OPERATING REVENUE				
Electricity sales, net	$	6,022,839	$	25,200,498
Other revenue		353,375	$	624,469
TOTAL OPERATING REVENUES		6,376,214	$	25,824,967
OPERATING EXPENSES				
Cost of electricity		4,857,964	$	23,483,428
Contract services		465,538	$	1,440,782
Staff compensation		125,626	$	512,935
General, administration, and other		42,490	$	555,608
TOTAL OPERATING EXPENSES		5,491,618	$	25,992,753
TOTAL OPERATING INCOME (LOSS)		884,596	$	(167,786)
NONOPERATING REVENUES (EXPENSES)				
Interest income		17,717	$	60,095
Interest and related expenses		(1,599)	$	(7,119)
TOTAL NONOPERATING REVENUES (EXPENSES)		16,118	$	52,976
CHANGE IN NET POSITION		900,714	$	(114,810)
Net position at beginning of period		14,395,010	$	57,389,101
Net position at end of period	$	15,295,724	$	57,274,291

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

	FOR THE PERIOD ENDING APRIL 30, 2023	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 5,335,719	$ 25,260,577
Payments received from other revenue sources	353,375	624,469
Payments to purchase electricity	(5,602,746)	(22,983,248)
Payments for contract services, general, and adminstration	(85,869)	(1,477,034)
Payments for staff compensation	(188,599)	(536,977)
Net cash provided (used) by operating activities	(456,628)	887,786
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(43,879)	6,390
Interest and related expenses	(1,787)	(7,768)
Net cash provided (used) by non-capital financing activities	(45,666)	(1,378)
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	17,717	60,095
Net cash provided (used) by investing activities	17,717	60,095
NET CHANGE IN CASH AND CASH EQUIVALENTS	(484,577)	677,996
Cash and cash equivalents at beginning of period	8,822,456	32,322,137
Cash and cash equivalents at end of period	$ 8,337,879	$ 33,000,133
Cash and cash equivalents included in:		
Cash and cash equivalents	3,817,909	16,296,301
Restricted assets	4,519,970	16,703,832
Cash and cash equivalents at end of period	$ 8,337,879	$ 33,000,133

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

	FOR THE PERIOD ENDING APRIL 30, 2023	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 884,596	$ (167,786)
(Increase) decrease in net accounts receivable	(1,744,335.88)	913,305
(Increase) decrease in accrued revenue	1,047,977	(858,513)
(Increase) decrease in prepaid expenses	(16,636)	(48,047)
Increase (decrease) in accounts payable	59,887	262,632
Increase (decrease) in accrued payroll	(62,973)	(24,042)
Increase (decrease) in due to member agencies	650	(199,710)
Increase (decrease) in accrued cost of electricity	(744,782)	500,180
Increase (decrease) in other accrued liabilities	378,258	504,481
Increase (decrease) in user taxes and energy surcharges	9,239	5,287
Net cash provided (used) by operating activities	$ (456,628)	$ 619,279

VALLEY CLEAN ENERGY
2023 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 04/30/23

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 25,200,498	$ 27,778,000	$ (2,577,502)	-9%
Interest Revenues	$ 60,095	$ 14,000	$ 46,095	329%
Purchased Power	$ 23,483,428	$ 22,045,000	$ 1,438,428	7%
Purchased Power Base	$ 23,483,428	$ 20,994,000	$ 2,489,428	12%
Purchased Power Contingency 2%	$ -	$ 1,051,000	$ (1,051,000)	-100%
Labor & Benefits	$ 501,170	$ 480,800	$ 20,370	4%
Salaries & Wages/Benefits	$ 402,992	$ 400,000	$ 2,992	1%
Contract Labor (SMUD Staff Aug)	$ -	$ 10,000	$ (10,000)	-100%
Human Resources & Payroll	$ 98,178	$ 70,800	$ 27,378	39%
Office Supplies & Other Expenses	$ 99,567	$ 68,800	$ 30,767	45%
Technology Costs	$ 9,552	$ 12,400	$ (2,848)	-23%
Office Supplies	$ 4,423	$ 800	$ 3,623	453%
Travel	$ -	$ 2,000	$ (2,000)	-100%
CalCCA Dues	$ 43,008	$ 44,400	$ (1,392)	-3%
CC Power	$ 41,029	$ 8,400	$ 32,629	388%
Memberships	$ 1,555	$ 800	$ 755	94%
Contractual Services	$ 1,339,349	$ 987,500	$ 351,849	36%
Other Contract Services	$ -	$ 8,800	$ (8,800)	-100%
Don Dame	$ 828	$ 3,600	$ (2,772)	-77%
SMUD - Credit Support	$ 119,740	$ 178,300	$ (58,560)	-33%
SMUD - Wholesale Energy Services	$ 685,061	$ 298,900	$ 386,161	129%
SMUD - Call Center	$ 274,899	$ 276,700	$ (1,801)	-1%
SMUD - Operating Services	$ 124,057	$ 21,200	$ 102,857	485%
Commercial Legal Support	$ 18,908	$ 10,000	$ 8,908	89%
Legal General Counsel	$ 5,462	$ 54,400	$ (48,938)	-90%
Regulatory Counsel	$ 37,621	$ 70,000	$ (32,380)	-46%
Joint CCA Regulatory counsel	$ 7,525	$ 11,200	$ (3,675)	-33%
Legislative - (Lobbyist)	$ 22,000	$ 22,000	$ -	0%
Accounting Services	$ 7,288	$ 9,600	$ (2,312)	-24%
Financial Consultant	$ -	$ 14,000	$ (14,000)	-100%
Audit Fees	$ 35,960	$ 8,800	$ 27,160	309%
Marketing	$ 101,895	$ 88,000	$ 13,895	16%
Marketing Collateral	$ 101,437	$ 84,000	$ 17,437	21%
Community Engagement Activities & Sponsorships	$ 458	$ 4,000	$ (3,542)	-89%
Programs	$ 311,009	$ 58,000	$ (58,000)	-100%
Program Costs	$ -	$ 58,000	$ (58,000)	-100%
Programs - EV	$ 38,950	$ -	$ 38,950	100%
Programs - AgFIT	$ 266,978	$ 220,000	$ 46,978	21%
Programs - Heat Pump	$ 5,081	$ -	$ 5,081	100%
Rents & Leases	$ 3,288	$ 8,800	$ (5,512)	-63%
Hunt Boyer Mansion	$ 3,288	$ 8,800	$ (5,512)	-63%
Other A&G	$ 152,602	$ 152,600	$ 2	0%
Development - New Members	$ -	$ 8,400	$ (8,400)	-100%
Strategic Plan Implementation	$ -	$ 48,000	$ (48,000)	-100%
PG&E Data Fees	$ 65,592	$ 92,000	$ (26,408)	-29%
Insurance	$ 11,760	$ 3,800	$ 7,960	209%
Banking Fees	$ 75,250	$ 400	$ 74,850	18713%
Miscellaneous Operating Expenses	$ -	$ 600	$ 600	100%
Contingency	$ -	$ 20,000	$ 20,000	100%
TOTAL OPERATING EXPENSES	$ 25,992,308	$ 23,910,100	$ 1,812,399	8%
Interest on RCB loan	$ 7,119	$ 7,800	$ (681)	-9%
Interest Expense - Bridge Loan	$ -	$ 2,500	$ (2,500)	-100%
NET INCOME	$ (738,835)	$ 3,871,600	$ (4,340,626)	-112%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: June 15, 2023

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

The month of June marks the halfway point of the legislative process for policy bills and historically the conclusion of the budget process. Active legislation has now passed the house of origin and will be heard in the second house by July 14, this year's deadline for second house policy committee hearings. Accordingly, the picture is becoming clearer as to which bills are a top priority for VCE, and the bill that has required the most attention is AB 1373 (Garcia). Governor Newsom has proposed draft trailer bill language that would create a new central procurement entity (CPE), expand PUC authority in regard to CCAs, increasing resourced adequacy (RA) fines, and negating the RA value from Diablo Canyon. AB 1373 adopted the first three of these policy proposals, while AB 1533 by the Utilities & Energy Committee proposes the no RA value from Diablo Canyon. VCE adopted an "oppose unless amended" position on AB 1373, following the lead of CalCCA, and partook in an aggressive lobbying campaign highlight CCA concerns with the proposed trailer bill and AB 1373. These efforts resulted in amendments to AB 1373 that alleviate CCA concerns prompting VCE to move to neutral, but the trailer bill process is not as transparent as the policy bill process, and we continue to advocate for changes to the proposed trailer bill.

Prior to the COVID-19 pandemic, the Legislature and Governor's Office/Department of Finance would meet in a conference committee to finalize negotiations on the state budget by June 15. While one issue or two might extend beyond June 15, the budget process would largely be done in June, but that is no longer the case. The disruptions to the legislative process brought by the pandemic moved away from the conference committee process, and coupled with wild swings in revenue the budget process over the past several years only seems to conclude when the session ends. This year is on the same trajectory and the budget process to decide upon the Governor's tailer bill proposal may well last until the end of session.

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

1. AB 1373 (Garcia) – Central Procurement

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

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

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

CalCCA took an oppose unless amended position, as did VCE and other CCAs, and VCE staff and board members met with Assemblymember Aguiar-Curry's chief of staff and contacted Senator Dodd to push for CCA amendments.

Taking a neutral position on AB 1373 seems the most prudent tactic at this time.

Additional Information

- Next Hearing: The bill will be heard next in Senate Energy, Utilities & Communications.
- VCE has taken an Oppose Unless Amended position but is moving to Neutral
- Bill language: AB 1373

2. AB 50 (Wood) – Customer Energization

Summary: This bill would require the CPUC to determine what timely service means for IOUs to energize customers by Jan. 1, 2025. Until the CPUC determines what timely service means, AB 50 sets a deadline of 90 days of delivering power to new connections and 30 days to upgrade existing connections. The bill also promotes more efficient distribution planning by requiring large electric corporations to evaluate and update as necessary their distribution processes and meet regularly with county government staff to discuss the status of electrical capacity. Lastly, the bill requires IOUs to report on capacity constraints.

The issue of interconnection and energization have been a hot topic in the Legislature this year. Interconnection is the process of the utility connecting new generation into the transmission and distribution system while energization is the process of the utility connecting a new or upgraded home or business to the grid so that it can receive electricity. There have been numerous stories of IOU delay for both interconnection and energization, mostly in the PG&E service territory. VCE's service territory has experienced its share of energization delays, most notably the carpet recycling business that waited two years to be energized by PG&E.

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

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

Additional Information

- Next Hearing: The bill will be heard next in Senate Energy, Utilities & Communications
- VCE has taken a Support position.
- Bill language: AB 50

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: June 15, 2023

Please find attached Keyes & Fox's May 2023 Regulatory Memorandum dated June 7, 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 June 7, 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:	June 7, 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.

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: On May 10, PG&E submitted AL 6939-E on CCA Financial Security Requirements (FSR) in accordance with D.18-05-022. The FSR amounts are based on energy prices from the Intercontinental Exchange (May 2023 – Oct. 2023), a customer re-entry fee of $4.24 per account, a renewable energy credit value of $12.63/MWh, and local and system RA values of $12.44 per kW-month. On May 26, the parties submitted the Joint Case Management Statement identifying each party's general position on pending issues.

Analysis: The January 6 Staff Proposal included topics such as financial monitoring of CCAs, cost recovery associated with customers returning to POLR service, and the Load-Serving Entity deregistration process related to procurement requirements. These topics present potential financial review and monitoring standards for VCE as well as potential new costs related to providing POLR financial security. The 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. Regarding the Staff Proposal, there is broad opposition to nearly all of the continuity of service approaches, but support (with modifications indicated) among parties for adoption of the financial monitoring and trigger metrics in the Staff Proposal.

Next Steps: PG&E requested the advice letter become effective on **June 9**. A proposed decision on FSR calculations is expected in Q3-Q4 2023.

Additional Information: Joint Case Management Statement – Appendix (May 26, 2023); PG&E AL 6939-E (May 10, 2023); ALJ email Ruling (Mar. 17, 2023); ALJ Ruling and Staff Proposal (Jan. 6, 2023); Scoping Memo and Ruling (Sep. 16, 2021); OIR (Mar. 25, 2021); Docket No. R.21-03-011.

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 May 5, the Assigned Commissioner and the ALJ issued a Ruling (ACR) identifying the issues and review schedule for 2023 RPS Procurement Plans.

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

Next Steps: Draft 2023 RPS Procurement Plans are due **July 17**, and a motion to update draft plans is due August 15. A Decision approving Final 2022 RPS Procurement Plans and a Ruling on 2023 RPS Procurement plans is expected soon.

Additional Information: 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.

RA Rulemaking (2023-2024)

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

Recent Developments: On May 25, the CPUC issued a Proposed Decision that, if approved, adopts Local Capacity Requirements for 2024 - 2026, Flexible Capacity Requirements for 2024, makes refinements to the Resource Adequacy program scoped as Phase 3 of the Implementation Track, including modifying the planning reserve margin for 2024 and 2025 and modifying the demand response counting requirements, and closes the proceeding.

Analysis: The Proposed Decision includes a new requirement that a CCA that has had system RA deficiencies within the prior two calendar years must first be in RA compliance for two calendar years prior to submitting an implementation plan to expand the CCA's territory. The Proposed Decision potentially expands access to imported RA resources. Also, the Proposed Decision locks in an LSE's load forecasts for the full RA compliance year rather than the current monthly forecast process and eliminates the need for the incremental local and flexible true-up process, ultimately streamlining and simplifying the RA forecasting process for LSEs such as VCE.

Next Steps: The Proposed Decision may be heard as early as the **June 29** Commission meeting. Comments on the Proposed Decision are due **June 14**, and reply comments are due **June 19**.

Additional Information: Proposed Decision (May 25, 2023); D.23-04-010 on Reform Track Phase 2 (Apr. 7, 2023); D.22-12-028 (Dec. 19, 2022); Amended Scoping Memo and Ruling (Sep. 2, 2022); Docket No. R.21-10-002.

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026). Phase 2 GRC proceedings determine cost allocation among customer classes (e.g., Residential, Agricultural) and rate design issues. The proceeding is divided into two tracks. Track 1 addresses most matters, including PG&E's requested revenue requirement together with safety and environmental and social justice issues. Track 2 addresses the narrower matters of the reasonableness of the 2019-2021 actual costs recorded in the named memorandum accounts and balancing accounts and, to the extent relevant, safety and environmental and social justice.

Recent Developments: No recent development this past month.

Analysis: N/A

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

Additional Information: D.23-01-005 (Appendix 1 - Settlement Agreement) (Jan. 17, 2023); PG&E's Amended Application (Mar. 10, 2022); PG&E Affordability Metrics Report (Feb. 23, 2022); PG&E Application (Jun. 30, 2021); Docket No. A.21-06-021.

NEW PG&E 2024 ERRA Forecast

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

Recent Developments: On May 15, PG&E filed its 2024 ERRA Forecast Application. PG&E's preliminary forecast for 2024 projects the system average bundled service customer rate will decrease by 1.6% and the system average CCA rate will decrease by 5%. After adjustments, PG&E's net revenue requirement request for 2024 is $1.796 billion. PG&E will update its revenue requirements, forecasted end-of-year balancing account balances, balance transfer requests, and rate proposals in its Fall Update, including PCIA benchmarks for rate forecasting and true-up purposes relevant to the ERRA, PCIA, and PABA revenue requirements.

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

Next Steps: Protests and responses to PG&E's application will be filed on **June 16**. A scoping memo and procedural schedule are expected to be issued within the next few months.

Additional Information: PG&E 2024 ERRA Forecast Application (May 15, 2023); Docket No. A.23-05-012.

PG&E 2019 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. Phase 1 of the proceeding was resolved with issuance of D.21-07-013. Phase 2 is ongoing and is addressing issues related to the 2019 Public Safety Power Shutoff (PSPS) events.

Recent Developments: On May 26, the CPUC issued both a Revised Proposed Decision (Redline Version) and an Alternate Proposed Decision. Both documents would reduce the scope of the December 2022 PD to only address the methodology for calculating a utility's unrealized volumetric sales and unrealized revenues resulting from PSPS events - both the Alternate and Revised PDs adopt the same methodology for this calculation. In addition, both decisions conclude that contrary to the Joint CCA's arguments, unrealized wholesale generation revenue will not be included in any disallowance amount. However, the ALJ's Revised PD keeps the proceeding open to address the remaining issue in Phase Two of whether it is appropriate for the utilities to return the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the 2019 PSPS events. The Assigned Commissioner's Alternate PD would close the proceeding and finds that the Commission's decision in the PSPS OII proceeding establishes that there can be no recovery of the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the 2019 PSPS events. That remedy, according to the Commissioner, is reserved for PSPS events occurring after the date of the PSPS OSII decision.

Analysis: Both versions adopt the same method for quantifying a utility's unrealized volumetric sales and unrealized revenues resulting from PSPS events, but the question of whether the costs of unrealized revenue resulting from PSPS events in 2019 will be allocated to utility shareholders or ratepayers such as VCE customers depends on whether the Commission adopts the Alternate or Revised Proposed Decision.

Next Steps: The Alternate and the Revised Proposed Decisions may be heard as early as the **June 29** Commission meeting. Comments on the Revised Proposed Decision are due **June 15**, and reply comments are due **June 20**.

Additional Information: Revised Proposed Decision and Alternate Proposed Decision (May 26, 2023); D.23-03-017 extending statutory deadline (Mar. 21, 2023); Proposed Decision (Dec. 19, 2022); D.22-07-009 extending statutory deadline (Jul. 18, 2022); Ruling amending schedule (Apr. 6, 2022); Joint Case Management Statement (Feb. 25, 2022); D.21-07-013 resolving Phase 1 (Jul. 16, 2021); PG&E's Application and Testimony (Feb. 28, 2020); Docket No. A.20-02-009.

PG&E 2020 ERRA Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Phase 2 will not begin until after the Commission resolves issues related to the establishment of a common accounting methodology for PSPS events in Phase 2 of the 2019 ERRA Compliance proceeding (see above).

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

PG&E 2021 ERRA Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

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

PG&E 2022 ERRA Compliance

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

Recent Developments: On May 10, PG&E submitted an email to the ALJ confirming that no testimony is required for PG&E's 2022 ERRA Compliance case as required by OP 1 of D.21-06-014. On June 2, the Assigned Commissioner issued a Scoping Memo and Ruling identifying topics that will be considered for the 2022 period, including reasonableness of costs and whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan.

Analysis: N/A

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

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

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), regarding the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program, potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

Recent Developments: On May 15, SCE and PG&E filed a Joint Application for Rehearing of D.23-04-034 citing legal errors in the recovery of microgrid program costs and the limited rates of return allowed in the Decision.

Analysis: The Joint Application for Rehearing requests full recovery of the IOUs' return on capital for microgrid projects, and, if granted and approved, would increase the costs of the microgrid program or reduce funding available under the program.

Next Steps: In Track 4, an ALJ Ruling providing an Energy Division Staff Proposal for a Microgrid Multi-Property Tariff was expected in October 2022 but has been delayed. In Track 5, a staff proposal on Definitions, Metrics, Tools, and Methods and Informing Grid Planning was expected in Q1 2023. An ALJ Ruling establishing 2023 scheduling & activities was expected in Q1 2023 but has been delayed.

Additional Information: 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.

Demand Response Programs (2023-2027)

Background: This proceeding addresses the IOUs' Demand Response (DR) Portfolio Applications required under D.17-12-003 for the years 2023-2027.

Recent Developments: On May 23, the CPUC issued Resolution E-5267 that approves, with modifications, the IOUs' proposed modifications to the Emergency Load Reduction Program (ELRP) (SCE 4950-E, PG&E 6826-E, SDG&E 4142-E). On May 31, comments (other than on Questions 1A and 1B) and opening testimony on the Demand Response Auction Mechanism were filed.

Analysis: The ELRP and Demand Response Auction Mechanism programs are tools that provide an opportunity to reduce load during critical times of grid stress. The increased flexibility these programs provide offers the potential to engage customers directly in grid management, increasing resiliency and potentially reducing the need for additional peak power procurement.

Next Steps: Opening briefs are due September 30, and a proposed decision is expected in January 2024. Opening briefs on Phase 2 are due **June 30**, and a proposed decision is expected in October 2023 for the 2024-2027 DR Program.

Additional Information: Resolution E-5267 on ELRP (May 23, 2023); ALJ Ruling on DRAM (Mar. 3, 2023); ALJ Ruling on ELRP (Mar. 2, 2023); Assigned Commissioner's Ruling (Jan. 27, 2023); D.23-01-006 (Jan. 13, 2023); Scoping Memo and Ruling (Dec. 19, 2022); D.22-12-009 (Dec. 6, 2022); Ruling consolidating Applications (May 25, 2022); PG&E Application (May 2, 2022); Docket No. A.22-05-002.

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 May 25, SCE filed a Petition for Modification of D.22-11-040 regarding the application of state contracting law requirements to the third-party program administrator of the statewide rebate program.

Analysis: The recent delay in program administrator selection will likely result in delayed publication of the program handbook and could adversely impact the timeline for distribution of EV charging rebate funding.

Next Steps: Responses to the Petition for Modification are due on **June 26**. Under D.22-11-040, the program administrator contract must be filed by September 30, 2023.

Additional Information: SCE's Petition for Modification (May 25, 2023); VCE's Annual Vehicle-Grid Integration Report (Mar. 15, 2023); D.22-11-040 (Nov. 21, 2022); Ruling entering Staff Proposal on Transportation Electrification Framework to record (Feb. 25, 2022); Docket No. R.18-12-006.

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 May 22, the Assigned Commissioner issued a Scoping Memo and Ruling establishing that this proceeding will provide for Wildfire NBC collections in 2024, 2025, and 2026 using the process outlined in D.20-12-024 to determine the amount of the Wildfire NBC in each of those years.

Analysis: This proceeding determines the amount of the Wildfire NBC for the next three years in line with the existing schedule of notices starting 90 days before the start of the next calendar year.

Next Steps: The 90-day Notice on the 2024 Wildfire NBC from the DWR followed by a Ruling seeking comment from parties is expected in September, and then a Proposed Decision in November followed by a Final Decision in December.

Additional Information: Scoping Memo and Ruling (May 22, 2023); Order Instituting Rulemaking (Mar. 21, 2023); Docket No. R.23-03-007.

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: On May 8, the ALJ issued a Ruling requesting comment on the "Staff Proposal for Implementing Safety Culture Assessments for California's Large Investor-Owned Electric and Gas Utilities" (Staff Proposal) pursuant to Senate Bill 901.

Analysis: Responses to the ALJ Ruling's questions will enable stakeholders to further influence the principles, guiding definitions, assessment framework, and measurement and monitoring of the safety culture framework being developed in this proceeding.

Next Steps: Comments on the Ruling are due **June 16** and reply comments are due July 14.

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

PCIA Rulemaking

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

Recent Developments: On June 6, the ALJ submitted a Revised Proposed Decision that would modify the calculation of the PCIA by (a) establishing a new MPB and an allocation mechanism to address the "greenhouse gas-free" incremental value of large hydroelectric energy resources above fossil fuel resources, and (b) revising the calculation of the Energy Index MPB to improve accuracy and transparency. The PD would not modify the calculation of the RPS MPB or modify access to confidential data for energy service providers. The revised PD modified the May 4 PD to adopt a multi-year allocation period for GHG-free resources that aligns with RPS compliance periods rather than the original PD's three-year allocation period.

Analysis: The Proposed Decision, if adopted, will add some additional value to greenhouse gas-free resources and enhance the MPB calculations without fundamentally modifying the MPB mechanism.

Next Steps: The Proposed Decision may be heard as early as the **June 8** Commission meeting, and if approved, will close the proceeding.

Additional Information: Revised Proposed Decision (June 6, 2023); ALJ Ruling (Mar. 3, 2023); D.22-01-023 on Phase 2 (Jan. 27, 2021); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (Sep. 20, 2018); Docket No. R.17-06-026.

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 the AgFIT 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 will consider expansion of the AgFIT Pilot.

Recent Developments: Reply testimony on Track A was filed on June 2.

Analysis: N/A

Next Steps: A workshop on expanding existing pilots, including AgFIT, and an opportunity for the filing of post-workshop comments is expected to be scheduled in 2023.

Additional Information: D.23-04-040 on electric rate design principles (May 3, 2023); D.23-04-008 (Apr. 14, 2023); CalCCA Reply Comments on Scoping Memo (Jan. 4, 2023); Phase 1 Scoping Memo and Ruling (Nov. 2, 2022); VCE and Polaris Ex Parte Notice (Oct. 10, 2022); OIR (Jul. 22, 2022); Docket No. R.22-07-005.

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 May 30, the California Energy Storage Alliance and the Western Power Trading Forum filed a Petition for Modification of D.23-02-040 and D.21-06-035 requesting the Commission allow LSEs to make earlier requests at any time for extensions to the commercial operation date requirement for long lead-time resources to come online beyond June 1, 2028 but no later than June 1, 2031 as long as the LSE has made a good-faith effort and can demonstrate the need for an extension, or, alternatively, at a minimum, clarify that penalties to the LSE or backstop procurement will not be assessed for long lead-time resources based on the June 1, 2028 compliance deadline if good-faith efforts are demonstrated and accepted by Commission staff.

Analysis: The requested modifications to D.23-02-040 and D.21-06-035 would provide LSEs more flexibility and greater probability of success in the procurement of long lead-time resources whose development is subject to rapidly changing global supply chain conditions as well as continually evolving grid connection and permitting requirements.

Next Steps: Responses to the Petition for Modification are due **June 29**. The IRP stakeholder process will re-start in Q2 2023.

Additional Information: 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); Scoping Memo (Sep. 24, 2020); Docket No. R.20-05-003.

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. D.20-03-027 established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. D.21-11-002 adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification.

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

Additional Information: D.23-02-005 (Feb. 3, 2023); D.21-11-002 (Appendices A-E) Decision on Building Decarb 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.

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: No recent developments in the past month.

Analysis: N/A

Next Steps: Intervenor direct testimony is due **June 16** and rebuttal testimony is due July 7. Evidentiary hearings are scheduled August 21-22, 24-25, and 28, and opening briefs are due September 18.

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

Commercial EV Real-Time Pricing Pilot

Background: This proceeding approved PG&E's proposed commercial EV rate pilot featuring day-ahead hourly real-time pricing. This pilot includes real-time pricing for both imports from and exports to the grid by commercial EVs.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Opt-in enrollment for the real-time pricing export compensation pilot now begins in February 2024. The proceeding was previously closed but reopened to address PG&E's Petition which requests additional budget flexibility and authorization for billing system, program management changes, and extends the timeframe for implementation by about four months.

Additional Information: Letter granting extension (Apr. 26, 2023); PG&E AL 6850-E (Jan. 30, 2023); PG&E Petition for Modification (Nov. 4, 2022); D.22-10-024 (Export Compensation Settlement) (Oct. 26, 2022); Corrected MGCC Study (Mar. 17, 2022); Application & Testimony (Oct. 23, 2020); Docket No. A.20-10-011.

Other Dockets

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

Docket	Name	Status
I.15-08-019	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, the CPUC issued D.23-05-009 adopting the Safety Policy Division's Modified Staff Report and closing the proceeding.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group. Town Hall Report Q1 2023 (May 12, 2023) and Quarterly Regionalization Report for Q1 2023 (May 15, 2023).The next Quarterly Regionalization Stakeholder meeting is scheduled for **June 9** from 11 AM to 12:30 PM.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee April 27, 2023 Meeting Summary and copies of 2023 Task Group "Charges"
DATE:	June 15, 2023

This report summarizes the Community Advisory Committee's meeting held in person and via Zoom webinar on Thursday, April 27, 2023 and provides as attachments the 2023 "Charges" of the CAC's Programs & Outreach Task Group and Strategic Plan Task Group.

A. Received update on the Gibson Power Purchase agreement (PPA). VCE Staff Gordon Samuel and Jamie Nagel from Emeren (the developer of the Gibson project) provided the background and overview of the Gibson solar and battery storage project; reviewed the site details and multi-plan features; highlighted partnerships and labor agreements; provided the status of development; highlighted changes made to the PPA; and, informed those present that that there is a potential grant opportunity involving this project and the Capay Valley. Mr. Samuel informed those present that the Board approved the amended and restated Gibson PPA at their April 13, 2023 meeting.

B. Consideration to recommend to the Board to approve extension of Phase 1 of VCE's Electric Vehicle (EV) Rebates program and provided feedback on Phase 2 program design elements. VCE Staff Rebecca Boyles reviewed the background of the EV Rebates Program; the funding source for this program; and the potential to increase program funding. Ms. Boyles reviewed Phase 2 design concepts; and the status of VCE's partnership application with Sacramento Municipal Utilities District (SMUD) for the Vehicle-Grid Integration (VGI) Pilot Program and highlights of the VGI Pilot Program. Ms. Boyles reviewed Staff's recommendation and asked for the CAC's feedback on Phase 2 design elements. The CAC suggested that Staff look into incorporating in future phases incentives for purchasing charging stations for both residential and commercial customers and used EVs. The CAC discussed vehicle to grid and the benefits of bi-directional power. The CAC approved recommending to the Board that they approve Phase 1 extension of VCE's Electric Vehicle Rebate Pilot Program (7-0-0).

C. Reviewed draft 2023 CAC Strategic Plan Task Group. CAC Member Marsha Baird reviewed the draft Charge. The CAC reviewed and approved the draft 2023 Strategic Plan Task Group (7-0-0). Staff will provide a copy of the final Charge to the Board at their next meeting.

Attachments:
1. 2023 Programs & Outreach Task Group Charge
2. 2023 Strategic Plan Task Group Charge

VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE

2023 PROGRAMS AND OUTREACH TASK GROUP CHARGE

Members: Keith Taylor (Chair)
David Springer (Co-Chair)
Mark Aulman
Rahul Athalye

Staff Lead: Rebecca Boyles

2023 Charge:
Collaborate with VCEA staff and consultants on policies, procedures and programs aimed at improving the customer experience and customer satisfaction in VCE, including:

1. Assist in the development of public information strategies, planning, and materials related to VCEA customer marketing, outreach, policies and programs. As requested by staff, review draft materials and provide comments as appropriate; assist with customer-facing community outreach to, and liaison with, member communities.

2. Help define audience segments within VCE's service area and consult on appropriate messages and communications approaches; provide a sounding board to assist in message development and copy testing. Conduct review of marketing materials at the draft (pre-release) stage upon request from staff.

3. Assist with identification of statewide program opportunities and development of strategies for disseminating information on eligibility, rebate amounts, stacked incentives, and other details; assist Staff with finding and applying for external funding for potential programs.

4. Collaborate with Staff on an annual update to the 3-year Programs Plan, discuss 2023 program implementation with Staff; assist with the update of 2022 program design/implementation forms and program prioritization for implementation in 2023.

5. As requested by the Director of Customer Care and Marketing, provide outreach and messaging support for the efforts of other CAC task groups, as well as outreach to VCE's participating jurisdictions to encourage collaborative dissemination regarding programs, energy savings tips, rebates/incentives etc. on their websites and social media platforms.

6. Provide summaries and updates at monthly CAC meetings on Task Group activities.

VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE

2023 STRATEGIC PLAN TASK GROUP CHARGE

Members: Marsha Baird
Lorenzo Kristov
Rahul Athalye

Staff Lead: Edward Burnham

2023 Charge:
The CAC Strategic Plan Task Group will assist VCE Staff with the planning and development of a rolling strategic plan and updates to current objectives through 2026. The current 3-year Strategic Plan covers 2021-23 and was approved by the Board on October 8, 2020.

Specifically, the Task Group will:

(1) review existing organizational strategic documents – vision statement, mission statement, SWOT analysis, and strategic plan;

(2) work with Staff to develop 2024-26 Strategic Plan objectives;

(3) provide input and feedback to Staff on a working draft 2024-26 Strategic Plan to present to the CAC and Board;

(4) collaborate with Staff develop guidelines for structure and best practices of rolling strategic plan for future years; and,

(5) provide summaries and updates at monthly CAC meetings on Task Group activities.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director

SUBJECT: Receive and approve audited December 31, 2022 financial statements.

DATE: June 15, 2023

RECOMMENDATIONS

1. Accept and approve the Audited Financial Statements for the period of January 1, 2022, to December 31, 2022;
2. Accept the Communication with Governance Letter; and
3. Accept the Internal Control Letter

BACKGROUND & DISCUSSION

At the VCE board meeting on April 13, 2022, VCE's independent auditor, James Marta & Company, presented the draft audited financial statements. James Marta and Company have finalized the audit and issued the attached financial statements as presented in April with no changes.

The Financial Statements include the following reports:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basis Financial Statements

As part of the Professional accounting standards, the auditors are required to communicate to the VCE Board of Directors various matters relating to the audit, as noted in the following:

- Governance letter
- Internal Control Letter

This report and attachments constitute the auditor's communication to the Board.

AUDITOR'S FINDINGS

During the course of the audit, the auditors found no material concerns over the financial statements and no material weakness in our internal controls. Specifically:

- VCE received an unqualified ("clean") audit opinion, meaning the financial statements present VCE's financial position fairly and appropriately
- VCE's internal controls over financial reporting were considered by the auditor, with no material weakness in internal controls over financial reporting
- No significant issues were identified in working with our management team or performing the audit

Attachments:

1. Audited Financial Statements for the period of January 1, 2022 to December 31, 2022
2. Communication with Governance Letter
3. Internal Control Letter

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022 AND

SIX MONTHS ENDED DECEMBER 31, 2021

VALLEY CLEAN ENERGY ALLIANCE

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DECEMBER 31, 2022

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Valley Clean Energy Alliance
Davis, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valley Clean Energy Alliance (VCE), which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Valley Clean Energy Alliance as of the year ended December 31, 2022 and the six months ended December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Valley Clean Energy Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Valley Clean Energy Alliance's Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VCE's ability to continue as a going concern for twelve months beyond the date when the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VCE's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2023 on our consideration of the VCE’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VCE’s internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
June 2, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of Valley Clean Energy Alliance's (VCE) financial activities for the periods ended December 31, 2022 and December 31, 2021. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of VCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses, and creating competition in power generation.

VCE was created as a California Joint Powers Authority (JPA) in January 2017 pursuant to the Joint Exercise of Powers Act and is a public agency separate from its members. Governed by a board of directors consisting of two elected officials representing each of the following local governments: the County of Yolo and the cities of Davis and Woodland. VCE provides electric service to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2.

VCE's mission is to deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions. VCE provides electric service to retail customers and has the rights and powers to set rates and charges for electricity and services it furnishes, incur indebtedness, and other obligations. VCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (CAISO) and Pacific Gas and Electric Company (PG&E).

In June 2018, VCE began providing service to approximately 56,000 customer accounts as part of its initial enrollment phase. In calendar year 2020, VCE phased in approximately 7,000 Net Energy Metering (NEM) customers. In January 2021, VCE phased in approximately 7,100 customers from its new City of Winters jurisdiction.

Since its formation, Valley Clean Energy has operated with a fiscal accounting year ending on June 30, aligned with the Member Jurisdictions' Fiscal Year. Over the past two years, VCE has experienced high volatility in the energy sector and overall economy, primarily driven by the uncertainty during the COVID-19 pandemic and possible long-term recession. VCE has experienced other financial impacts compared to the adopted budgets driven by forces outside VCE's direct control, including the forward market pricing for energy costs, PG&E generation rate adjustments, and power charge indifference adjustments (PCIA). The VCE Board adopted the calendar year as its new financial year as the optimal timeline of financial milestones to reduce the risks of operating budget performance.

Financial Reporting

VCE presents its financial statements in accordance with Generally Accepted Accounting Principles for proprietary funds, as prescribed by the Governmental Accounting Standards Board.

Contents of this Report

This report is divided into the following sections:

- Management's Discussion and Analysis, which provides an overview of operations.
- The Basic Financial Statements, which offer information on VCE's financial results.

- The Statement of Net Position includes all of VCE's assets, liabilities, and net position using the accrual basis of accounting. The Statement of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.
- The Statement of Revenues, Expenses, and Changes in Net Position report all of VCE's revenue and expenses for the period shown.
- The Statement of Cash Flows report the cash provided and used by operating activities, as well as other sources and payments, such as debt financing.
- Notes to the Basic Financial Statements, which provide additional details and information pertaining to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table is a comparative summary of VCE's assets, liabilities, and net position.

	December 31, 2022	December 31, 2021	% change from 2021 to 2022	June 30, 2021	% change from June 30, 2021 to December 31, 2021
Current assets	$ 20,172,977	$ 14,853,514	36%	$ 21,175,913	-30%
Noncurrent assets	3,961,586	3,561,158	11%	3,099,608	15%
Total Assets	24,134,563	18,414,672	31%	24,275,521	-24%
Current liabilities	8,542,745	8,728,436	-2%	11,531,607	-24%
Noncurrent liabilities	181,284	-	0%	-	0%
Total Liabilities	8,724,029	8,728,436	0%	11,531,607	-24%
Net Position					
Designated – Local Programs	224,500	224,500	0%	224,500	0%
Restricted	3,809,273	3,561,158	7%	3,099,608	15%
Unrestricted	11,376,761	5,900,578	93%	9,419,806	-37%
Total Net Position	$ 15,410,534	$ 9,686,236	59%	$ 12,743,914	-24%

Assets

Current assets ended December 31, 2022, at approximately 20.2 million, an increase of approximately $5.3 million compared to December 31, 2021. The primary contributor to the overall increase in current assets was an increase in accounts receivable and cash resulting from rate increases and the rebuilding of cash reserves. The VCE Board adopted a cost-based rate policy and automatic rate adjustment policy to continue to preserve and build cash reserves in preparation for obtaining our initial investment grade credit rating.

Current assets ended December 31, 2021, at approximately 14.9 million, a decrease of approximately $6.3 million compared to June 30, 2021. The primary contributor to the overall decrease in current assets was a decrease in cash utilized for rate stabilization. In response, the VCE Board adopted a cost-based rate policy and a temporary rate increase above PG&E in November 2021 to minimize the total decrease of cash due to the increased PG&E power charge indifference adjustment (PCIA) rates and rising in power costs experienced during the 2021 heat storm.

Overall, non-current assets increased approximately $400 K in December 31, 2022 due to an increase of in restricted cash for power purchase reserves.

Liabilities

Current liabilities at December 31, 2022, were comprised primarily of the accrued cost of electricity, accounts payable, other accrued liabilities, security deposits, and the current portion of long-term debt. Current liabilities decreased by $ 187K for the period ended December 31, 2022 due to extending our term loan agreement with River City Bank with a maturity in 2024.

Current liabilities at December 31, 2021, were comprised primarily of the accrued cost of electricity, accounts payable, other accrued liabilities, security deposits, and the current portion of long-term debt. Current liabilities decreased by $2.8 million to $8.7 million in the period ended December 31, 2021. The most significant contributor to the overall decrease in current liabilities was the decrease in power costs related to the change in accounting year ending period. Prior audited financial statements ending in June reflected an ending balance during the peak season. Current and future financial statements ending in December reflect an ending balance during off peak season.

Non-current liabilities increased $181K in the year ended December 31, 2022 related to the term loan described above in current liabilities.

The following table is a summary of VCE's results of operations:

	December 31, 2022 (Twelve Months)	December 31, 2021 (Six Months)	% change from 2021 to 2022	June 30, 2021	% change from June 30, 2021 to December 31, 2021
Operating revenues	$ 86,661,734	$ 29,357,623	195%	$ 54,656,880	-46%
Interest income	46,501	8,731	433%	50,285	-83%
Total Income	86,708,235	29,366,354	195%	54,707,165	-46%
Operating Expenses	80,897,469	32,401,487	150%	58,494,704	-45%
Interest and related expenses	86,468	22,545	284%	56,232	-60%
Total Expenses	80,983,937	32,424,032	150%	58,550,936	-45%
Change in Net Position	$ 5,724,298	$ (3,057,678)	287%	$ (3,843,771)	-20%

Operating Revenues

In the period ended December 31, 2021, VCE's operating revenues were approximately $4.4M below budgeted amount. The 2022 Budget incorporated revenues associated with extreme temperatures and drought conditions that did not fully materialize in the actuals for 2022. VCE's operating revenue is from the sale of electricity to its customer base.

In the period ended December 31, 2021, VCE's operating revenues were approximately $4.7M higher than budgeted, driven by the increased load required during the heatwave of 2021. Residential and agricultural customers were the primary customers requiring additional load. VCE's operating revenue is from the sale of electricity to its customer base.

Operating Expenses

In the period ended December 31, 2022, VCE's operating expenses were 11% over the budgeted operations. This increase was primarily due to a $7.4 million increase in the cost of electricity, driven by the increased energy power costs resulting from warmer weather than forecast during the winter months, heat storms in June and September, and natural gas prices driving short-term power market increases. VCE procures energy from various sources and focuses on purchasing at competitive prices and maintaining a balanced renewable power portfolio. The remaining operating expenses consist of contract services, staff compensation, and other general administrative expenses.

In the period ended December 31, 2021, VCE's operating expenses were 8% over the budgeted operations. This increase was primarily due to a $2.7 million increase in the cost of electricity, driven by the increased load noted above.

ECONOMIC OUTLOOK

As a CCA in its fifth year of operations transitioned out of the COVID-19 pandemic, VCE continues to focus on limiting customer opt outs by keeping rates competitive, increasing brand recognition, and providing a superior customer experience. VCE has recently started to procure power through long-term power purchase agreements to assist in stabilizing renewable power costs in the future and help VCE accomplish its mission of providing renewable energy and reducing greenhouse gas emissions. This will help reduce the potential effect of future energy market price volatility and create a stable environment for VCE and its ratepayers. VCE faces significant budgetary pressures that have been subject to regulatory and market pressures outside of direct control, including rising Power Charge Indifference Adjustment (PCIA) costs and increasing market costs to procure resource adequacy supplies.

VCE's Board adopted a rate policy in November 2021 to set customer rates to recover operating costs and build reserve funds and an automatic rate adjustment policy to address environmental and regulatory changes within a budget year. VCE has also adopted a base green product to maintain its competitiveness with PG&E by offering a least-cost option to it customers. VCE has recovered from COVID, began rebuilding cash reserves, and maintained its credit lines for liquidity in 2023. Longer-term, VCE continues to transition additional long-term fixed-price renewable PPA's that are scheduled to come online in 2023 and 2024. VCE customer rates, including PCIA costs, have reduced and are currently forecasted to stabilize for 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide VCE's board members, stakeholders, customers, and creditors with a general overview of the VCE's finances and to demonstrate VCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the Director of Finance and Internal Operations, 604 2nd Street, Davis, CA 95616.

VALLEY CLEAN ENERGY ALLIANCE

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Unrestricted Cash	$ 3,850,610	$ 3,671,384
Accounts receivable, net of allowance	11,085,087	7,406,469
Accrued revenue	3,430,397	1,768,193
Prepaid expenses	-	9,192
Other current assets and deposits	1,806,883	1,998,276
Total Current Assets	20,172,977	14,853,514
Restricted assets:		
Cash in - debt service reserve fund	1,100,000	1,100,000
Cash in - power purchase reserve fund	2,709,273	2,461,158
Total Restricted assets	3,809,273	3,561,158
Noncurrent Assets		
Other noncurrent assets and deposits	152,313	-
Total Noncurrent Assets	152,313	-
TOTAL ASSETS	$ 24,134,563	$ 18,414,672
LIABILITIES		
Current Liabilities		
Accounts payable	$ 399,529	$ 445,042
Accrued cost of electricity	4,657,891	4,580,941
Accrued payroll	116,285	63,909
Interest payable	2,248	2,786
Due to member agencies	25,160	117,945
Other accrued liabilities	2,810,664	2,364,787
Line of credit	530,968	1,153,026
Total Current Liabilities	8,542,745	8,728,436
Noncurrent Liabilities		
Line of credit	181,284	-
Total Noncurrent Liabilities	181,284	-
TOTAL LIABILITIES	8,724,029	8,728,436
NET POSITION		
Net position		
Designated - local program reserves	224,500	224,500
Restricted	3,809,273	3,561,158
Unrestricted	11,376,761	5,900,578
TOTAL NET POSITION	$ 15,410,534	$ 9,686,236

The accompanying notes are an integral part of these financial statements.

VALLEY CLEAN ENERGY ALLIANCE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE SIX MONTHS ENDED DECEMBER 31, 2021

	2022 (Twelve Months)	2021 (Six Months)
OPERATING REVENUE		
Electricity sales, net	$ 85,322,760	$ 29,357,623
Other revenue	1,338,974	-
TOTAL OPERATING REVENUES	86,661,734	29,357,623
OPERATING EXPENSES		
Cost of electricity	75,130,283	30,138,826
Contractors	2,556,894	1,383,829
Staff compensation	1,282,519	537,689
Program expenses	1,168,019	-
General and administrative	759,754	341,143
TOTAL OPERATING EXPENSES	80,897,469	32,401,487
TOTAL OPERATING INCOME (LOSS)	5,764,265	(3,043,864)
NONOPERATING REVENUES (EXPENSES)		
Interest income	46,501	8,731
Interest and related expenses	(86,468)	(22,545)
TOTAL NONOPERATING REVENUES (EXPENSES)	(39,967)	(13,814)
CHANGE IN NET POSITION	5,724,298	(3,057,678)
Net position at beginning of period	9,686,236	12,743,914
Net position at end of period	$ 15,410,534	$ 9,686,236

The accompanying notes are an integral part of these financial statements.

VALLEY CLEAN ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE SIX MONTHS ENDED DECEMBER 31, 2021

	2022 (Twelve Months)	2021 (Six Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 79,912,041	$ 31,149,236
Payments for security deposits with energy suppliers	(152,313)	-
Payments to purchase electricity	(74,983,435)	(32,255,458)
Payments for contract services, program expenses, general, and administration	(4,167,896)	(2,276,073)
Payments for staff compensation	(1,230,143)	(517,485)
Other cash payments	1,530,367	(11,393)
Net Cash Provided (Used) by Operating Activities	908,621	(3,911,173)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of debt	(440,774)	(197,661)
Interest and related expense	(87,007)	(23,019)
Net Cash Provided (Used) by Non-Capital Financing Activities	(527,781)	(220,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	46,501	8,731
Net Cash Provided (Used) by Investing Activities	46,501	8,731
NET CHANGE IN CASH AND CASH EQUIVALENTS	427,341	(4,123,122)
Cash and cash equivalents at beginning of period	7,232,542	11,355,664
Cash and cash equivalents at ending of period	$ 7,659,883	$ 7,232,542
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ 5,764,265	$ (3,043,864)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in net accounts receivable	(3,678,618)	576,071
(Increase) decrease in net accrued revenue	(1,662,204)	1,167,098
(Increase) decrease in prepaid expense	9,192	5,951
(Increase) decrease in other assets and deposits	39,080	(11,393)
Increase (decrease) in accounts payable	(45,513)	45,276
Increase (decrease) in accrued payroll	52,376	20,204
Increase (decrease) in due to member agencies	(92,785)	(5,461)
Increase (decrease) in accrued cost of electricity	146,848	(2,116,632)
Increase (decrease) in other accrued liabilities	445,877	(596,867)
Increase (decrease) in user taxes and energy surcharges	(69,897)	48,444
Net Cash Provided by Operating Activities	$ 908,621	$ (3,911,173)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Valley Clean Energy Alliance (VCE) is a California joint powers authority created on January 1, 2017 and its voting members consist of the following local governments: the County of Yolo and the cities of Davis, Woodland and Winters (collectively, the "Member Agencies"). VCE is governed by an eight-member Board of Directors whose membership is composed of two elected officials representing each of the Member Agencies.

VCE's mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. VCE provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code Section 366.2.

VCE began the delivery of electricity in June, 2018. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the California Independent System Operator and Pacific Gas and Electric Company.

CHANGE IN FISCAL YEAR END

In November 2021, VCE's Board of Directors approved a resolution to change the existing fiscal year of July 1st to June 30th to align with the calendar year of January 1st to December 31st. The financial statements presented in this report are not comparative due to this change in the reporting period. Advantages of the change to a calendar year include accounting for the peak revenue season, May through September, in the span of one reporting year. Additionally, VCE's power contracts are based on the calendar year time frame, as is VCE's regulatory compliance reporting.

BASIS OF ACCOUNTING

VCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

VCE's operations are accounted for as a governmental enterprise fund, and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

CASH AND CASH EQUIVALENTS

For purpose of the Statement of Cash Flows, VCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments. Cash and cash equivalents include restricted cash which were the amounts restricted for debt collateral and power purchase reserve.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPOSITS

Deposits are classified as current and noncurrent assets depending on the length of the time the deposits will be held. Deposits include those for regulatory and other operating purposes.

OPERATING AND NON-OPERATING REVENUE

Operating revenues consists of revenue from the sale of electricity to customers. Interest income is considered non-operating revenue.

REVENUE RECOGNITION

VCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

ELECTRICAL POWER PURCHASED

In 2017, VCE entered into a five (5) year contract with the Sacramento Municipal Utility District (SMUD) to provide technical and financial analysis; data management and call center services; wholesale energy services; and operational staff services. As part of the contract, SMUD provides power portfolio purchase services to and on behalf of VCE. Electricity costs include the cost of energy and ancillary services arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from VCE's participation in the California Independent System Operator's centralized market. The cost of electricity and ancillary services are recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position. As of December 31, 2022, $5,131,217 was accrued as payable to SMUD, comprised of $5,131,217 in accrued electricity costs and $0 in accrued contractual services. As of December 31, 2021, $4,356,854 was accrued as payable to SMUD, comprised of $4,028,559 in accrued electricity costs and $328,295 in accrued contractual services

RENEWABLE ENERGY CREDITS

To comply with the State of California's Renewable Portfolio Standards (RPS) and self- imposed benchmarks, VCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). VCE obtains Certificates with the intent to retire them, and does not sell or build surpluses of Certificates. An expense is recognized at the point that the cost of the RPS eligible energy is billed by the supplier. VCE is in compliance with external mandates and self-imposed benchmarks.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STAFFING COSTS

VCE pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. VCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. VCE provides compensated time off, and the related liability is recorded in these financial statements

INCOME TAXES

VCE is a joint powers authority under the provision of the California Government Code, and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATION

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

NET POSITION

VCE reports net position balances in the following categories: Designated, Restricted, and Unrestricted. Local program reserves are designated funds as approved by the board in support of the VCE's mission and programs plan. Restricted funds are those restricted to a particular purpose, and that restriction is set out in the Contract Agreement. Unrestricted funds support the operating expenses or projects of the organization.

The following are the components of VCE’s Net Position at December 31, 2022 and 2021.

	December 31, 2022	December 31, 2021
Designated - local program reserves	$ 224,500	$ 224,500
Restricted	3,809,273	3,561,158
Unrestricted	11,376,761	5,900,578
Totals	$ 15,410,534	$ 9,686,236

2. CASH AND CASH EQUIVALENTS

VCE maintains its cash in interest and non-interest-bearing deposit accounts at River City Bank (RCB) of Sacramento, California. VCE's deposits with RCB are subject to California Government Code Section 16521 which requires that RCB collateralize public funds in excess of the FDIC limit of $250,000 by 110%. VCE monitors its risk exposure to RCB on an ongoing basis. VCE's has not adopted its own Investment Policy and follows the investment policy of the County of Yolo.

3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE

Accounts receivable were as follows:

	December 31, 2022	December 31, 2021
Accounts receivable from customers	$ 11,550,071	$ 9,342,777
Allowance for uncollectible accounts	(464,984)	(1,936,308)
Accounts receivable, net	$ 11,085,087	$ 7,406,469

The majority of account collections occur within the first few months following customer invoicing. VCE estimates that a portion of the billed accounts will not be collected. VCE records reserves for its estimated uncollectible accounts as a reduction to the related operating revenues in the Statement of Revenues, Expenses and Changes in Net Position. Charges to reserve for uncollectible accounts for the year ended December 31, 2022 and six months ended 2021 were $846,600 and $353,400, respectively. Due to the COVID-19 pandemic, VCE could not to pursue collections due to state restrictions and expects to commence collections of remaining balances in 2023.

Accrued revenue presented in the Statements of Net Position represents revenue from customer electricity usage that has not been billed at the end of the period. Accrued revenue recognized for the period ended December 31, 2022 and 2021 was $3,430,397 and $1,768,193, respectively.

4. DEBT

LINE OF CREDIT AND TERM LOAN

In May 2018, VCE entered into a non-revolving, $11,000,000 Credit Agreement (Agreement) with RCB for the purpose of providing working capital to fund power purchases during seasonal differences in cash flow and reserves as needed to support power purchases. RCB requires collateral for the line of credit of $1.1 million which is reported as restricted cash. Interest accrues on the outstanding balance and is payable each month and computed at One-Month LIBOR plus 1.75% per annum, subject to a floor of 1.75% per annum. The Agreement expired on May 15, 2019 with an option to extend the line for another six months. VCE extended the line of credit and the Agreement to November 15, 2019, with continuing extensions granted until August 31, 2020. At the expiration of the Agreement, any outstanding balance can be converted to an amortizing term loan which matures up to five years from conversion date. The Agreement contains various covenants that include requirements to maintain certain financial ratios, stipulated funding of debt service reserves, and various other requirements including the subordination of the member agency loans.

LINE OF CREDIT AND TERM LOAN (CONTINUED)

At the October 10, 2019 Board meeting the Board authorized VCE to convert an existing $1,976,610 Credit Agreement balance to an amortizing 5-year term loan. VCE converted the Agreement to the loan and has paid the loan down to $712,252 and $1,153,026 as of December 31, 2022 and 2021, respectively.

In September 2020, VCE had agreed in principle to one-year renewals to September 1, 2021, for both the Agreement and the term loan. The Agreement limit was reduced from $11,000,000 to a line of credit which allows up to $5,000,000 for cash advances and up to $2,000,000 for letters of credit, with the total of both to not exceed $7,000,000. The interest rate on the line of credit was 2.00% at the close of business on December 31, 2022.

The 5-year term loan had been shortened to a maturity date of September 1, 2021, with the outstanding balance due at that time unless another renewal is agreed upon. In August 2021, VCE had a second modification of the term loan whereas VCE will pay the loan in equal monthly principal payments of $32,943.50 beginning September 1, 2021. The final payment is due January 1, 2022, and will be for all outstanding principal and all accrued interest not yet paid. The interest rate was 3.57%, fixed for the loan term.

At the March 10, 2022 board meeting, the board approved an Amended and Restated Credit Agreement with RCB including the following amendments:

Line of Credit

- Cash Facility - $2,000,000 increase in cash from $5,000,000 to $7,000,000
- Letter of Credit Facility - $4,000,000 increase from $7,000,000 to $11,000,000
- Maturity: March 1, 2024
- Interest Rate: 2.00% (unchanged)

Term Loan

- Maturity: March 1, 2024
- Interest Rate: Fixed 3.57% (unchanged)

If VCE defaults on the line of credit, RCB may, by notice of the borrower, take any of the following actions:

(a) terminate any obligation to extend any further credit hereunder (including but not limited to Advances) on the date (which may be the date thereof) stated in such notice;

(b) declare all Advances and all indebtedness under the Notes then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, to be immediately due and payable without further demand, presentment, protest or notice of any kind; and

(c) exercise and enforce any and all rights and remedies contained in any other Loan Document or otherwise available to Lender at law or in equity.

LINE OF CREDIT AND TERM LOAN (CONTINUED)

Debt principal activity and balances for all notes and loans were as follows:

	Beginning	Addition	Payments	Ending
Six Months Ended December 31, 2021				
River City Bank - Loan	1,350,687	-	(197,661)	1,153,026
Total	$ 1,350,687	$ -	$ (197,661)	$ 1,153,026
Amounts due within one year				(1,153,026)
Amounts due after one year				$ -
Year Ended December 31, 2022				
River City Bank - Loan	1,153,026	-	(440,774)	712,252
Total	$ 1,153,026	$ -	$ (440,774)	$ 712,252
Amounts due within one year				(530,968)
Amounts due after one year				$ 181,284

At the February 10, 2022 Board meeting, the Board authorized VCE to agree to a short term line of credit with the County of Yolo in the amount of $5,000,000. VCE withdrew $3,000,000 from the line of credit and were paid in full as December 31, 2022. Interest and fees paid during the year were $25,000.

5. DEFINED CONTRIBUTION RETIREMENT PLAN

VCE provides retirement benefits to eligible employees through a 401(a) discretionary defined contribution plan and 457(b) deferred compensation plan (Plans). The Plans are administered by International City Management Association Retirement Corporation (ICMA-RC). At December 31, 2022, VCE had 4 plan participants. VCE contributes 7% of covered payroll and up to an additional 3% of covered payroll as a match to employee tax deferred contributions (into the 457(b) deferred compensation plan) into the 401(a) discretionary defined contribution plan.

For the year ended December 31, 2022 and six months ended December 31, 2021, VCE contributed $64,716 and $30,072, respectively. The Plans’ provisions and contribution requirements as they apply to VCE are established and may be amended by the Board of Directors.

6. OPERATING LEASE

In 2018, VCE entered into a nine-month lease for its office space with the City of Davis. The most recent lease agreement renewal with the City covers the twelve months ending January 2023. Rental expense under this lease was $19,200 and $7,951 for the year ending December 31, 2022 and six months ending December 31, 2021, respectively. The total for future minimum lease payments are shown below:

6. OPERATING LEASE (CONTINUED)

Year	Payments
2023	$ 16,560
2024	17,057
2025	17,569
2026	18,096
2027	18,638

Management has reviewed lease agreements related to the new lease accounting rules under GASB 87. It has been determined that the office rent and a copier lease are the only operating leases for the period and are not material for the implementation of the new lease accounting requirements.

7. RELATED PARTY TRANSACTIONS

VCE entered into a cooperative agreement with each respective member agency to provide management, legal, accounting and administrative services. The services billed from the Member Agencies to VCE outstanding for the year ending December 31, 2022 and six months ending December 31, 2021 totaled $25,160 and $117,945, respectively. The cooperative agreements provide for interest to be accrued on any outstanding balances at an average yield.

8. RISK MANAGEMENT

VCE is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters, for which VCE manages its risk by participating in the public entity risk pool described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. The joint powers authority is governed by a board consisting of representatives from member municipalities. The board controls the operations of the joint powers authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint powers authority are not VCE's responsibility.

VCE is a member of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) which provides coverage for general and auto liability and workers' compensation. Once VCE's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. In addition, the California Joint Powers Risk Management Authority (CJPRMA) provide coverage for amounts in excess of YCPARMIA's limits. YCPARMIA provides workers' compensation insurance coverage up to statutory limits, above VCE's self-insurance limit of $1,000 per occurrence, and general and auto liability coverage of $40,000,000, above VCE's self-insurance

8. RISK MANAGEMENT (CONTINUED)

limit of $1,000 per occurrence. For the year ended December 31, 2022 and six months ended December 31, 2021, VCE contributed $14,668 and $9,206 for coverage, respectively. Audited financial statements are available from YCPARMIA their website www.ycparmia.org. Condensed information for YCPARMIA for the most recent available year end is as follows:

	YCPARMIA June 30, 2021	
Total Assets	$	25,629,982
Deferred Outflows of Resources	$	198,662
Total Liabilities	$	21,797,446
Deferred Inflows of Resources	$	430,929
Net Position	$	3,600,269
Total Revenues	$	14,444,472
Total Expenses	$	14,327,899
Change in Net Position	$	116,573

The June 30, 2021 were the most recent audited financial statements available at the time of the preparation of this report.

9. COMMITMENTS AND CONTINGENCIES

On October 25, 2017, VCE entered into an agreement with SMUD to provide on-going professional services, including, but not limited to: wholesale energy services, customer and data services, billing administration and reporting. As of December 31, 2022, VCE had outstanding non-cancelable commitments to SMUD for professional services to be performed estimated to be $1.5 million.

10. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its period ended December 31, 2022 through June 2, 2023, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
Valley Clean Energy Alliance
Davis, California

We have audited the financial statements of Valley Clean Energy Alliance as of and for the year ended December 31, 2022 and the six months ended December 31, 2021, and have issued our report thereon dated June 2, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 4, 2022 our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Valley Clean Energy Alliance solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal controls and other matters noted during our audit in a separate letter to you dated June 2, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Valley Clean Energy Alliance is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are upcoming Governmental Accounting Standards that we have listed in Attachment A.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimate affecting the financial statements is the estimate of accounts receivable.

Management's estimate of the allowance for doubtful accounts is based on actual revenues earned for the year which may not be collectible. We evaluated the key factors and assumptions used to develop the estimate of doubtful accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the accrued revenue is based on actual revenues earned but not yet billed for December 2022. We evaluated the key factors and assumptions used to develop the estimate of accrued revenue and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Valley Clean Energy Alliance's financial statements relate to revenue recognition.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have provided a listing of the misstatements identified by us as a result of our audit procedures and corrected by management which were material, either individually or in the aggregate, to the financial statements taken as a whole. There was a PJE in the prior year audit that management posted that we had to post in the current year in attachment B.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Valley Clean Energy Alliance's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 2, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Valley Clean Energy Alliance, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Valley Clean Energy Alliance's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of Valley Clean Energy Alliance and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
June 2, 2023

As of June 30, 2022

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Plan in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Plan. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 91, Conduit Debt Obligations
Effective for the fiscal year ending June 30, 2023

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, Omnibus 2020
Effective dates vary

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports – *Effective for the fiscal year ending December 31, 2021*
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan – *Effective for the fiscal year ending December 31, 2021*
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits – *Effective for the fiscal year ending December 31, 2021*
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements – *Effective for the fiscal year ending December 31, 2021*

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition – *Effective for the government acquisitions occurring in reporting periods beginning after June 15, 2020*
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers – *Effective for the fiscal year ending December, 2021*
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature – *Effective for the fiscal year ending December 31, 2021*
- Terminology used to refer to derivative instruments. – *Effective for the fiscal year ending December 31, 2021*

GASB Statement No. 93, Replacement of Interbank Offered Rates
Effective for the fiscal year ending June 30, 2023

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
Effective for the fiscal year ending June 30, 2024

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance
Effective immediately

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of the preceding statements have been updated to reflect the impact of the issuance of GASB 95.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements
Effective for the fiscal year ending June 30, 2024

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32
Effective dates vary

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit

(OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record PJEs reported in prior year audit that client recorded.			
26310-0000	RETAINED EARNINGS - UNRESERVED	41,254	
45323-0000	SMUD - OPERATIONAL SERVICES	15,802	
30110-0000	RESIDENTIAL SALES		57,056
Total		**57,056.00**	**57,056.00**

MANAGEMENT REPRESENTATION LETTER

June 2, 2023

James Marta & Company LLP
Certified Public Accountants
Sacramento, CA 95825

This representation letter is provided in connection with your audit of the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Net Position and the statement of cash flows of Valley Clean Energy Alliance for the periods ended December 31, 2022 and June 30, 2021, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Valley Clean Energy Alliance in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 2, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 4, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting journal entries reflected in the audit statements and the proposed journal entry at Attachment 1.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Valley Clean Energy Alliance has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have disclosed to you all guarantees, whether written or oral, under which Valley Clean Energy Alliance is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Valley Clean Energy Alliance has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Digitally signed by Bruce Edward Burnham II
DN: cn=Bruce Edward Burnham II, c=US, email=edward.burnham@hotmail.com
Date: 2023.06.02 11:25:11 -07'00'

Edward Burnham, Director of Finance & Internal Operations

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of Directors
Valley Clean Energy Alliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Valley Clean Energy Alliance, as of and for the year ended December 31, 2022 and the six months ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Valley Clean Energy Alliance's basic financial statements, and have issued our report thereon dated June 2, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valley Clean Energy Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Valley Clean Energy Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Clean Energy Alliance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valley Clean Energy Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication should not be used for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
June 2, 2023

701 Howe Avenue, Suite E3, Sacramento, CA 95825 (916) 993-9494 fax (916) 993-9489
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Status of Prior Year Findings

2021-01 Closing Entries

Observation

During the course of our audit, we identified three adjustments that needed to be posted which were material to the overall financial statements. See Attachment II, entries numbered 1, 3, 4, and 7. The material portions of the entries were related to the proper recording of receivables and revenues at December 31, 2021. The auditor identified entries number 1, 3, and 4 during the course of the audit and discussed with management, who approved them for posting into the general ledger. Based on differences we identified in cash, management researched and identified entry number 7 at the end of our audit. Since these adjustments were not identified by Valley Clean Energy Alliance as part of their standard closing procedures, they may indicate a deficiency in the internal control process over financial reporting.

Recommendation

We recommend that management set up a process in place for the timely review and approval of the cash, accounts receivable, and revenue reconciliations. This will help to identify and correct any possible errors and inconsistencies in a timely manner.

Management Response

Management agrees with the entries as discussed with the auditors. Coming out of the previous audit (FY2020-21), management identified areas for process improvements to specifically identify, address, and prevent findings such as those included in the entries in future reporting periods. Management notes that due to the unique and one-time shortened 6-month time-period for the current audit that is associated with VCE's transition to a fiscal year aligned with the calendar year, the improvements noted above have not yet been fully implemented. Management has also discussed and agreed with its partners engaged in the process to address the improvements needed. Management expects the process improvements to be included in the March accounting close period. They will be maintained from that point forward.

Status: Not an issue during the current year audit

ATTACHMENT II: ADJUSTING JOURNAL ENTRIES

Adjusting Journal Entries – For Status of Prior Year Findings

Adjusting Journal Entries JE # 1			
Auditor entry to agree Equity to PY audit for AJEs not posted by client and for rounding variance.			
13710-0000	BILLED REVENUES	178,329	
22210-0000	ACCOUNTS PAYABLE	84,195	
45370-0000	BANKING FEES	1	
26310-0000	RETAINED EARNINGS - UNRESERVED		84,195
26310-0000	RETAINED EARNINGS - UNRESERVED		178,329
26310-0000	RETAINED EARNINGS - UNRESERVED		1
Total		**262,525**	**262,525**

Adjusting Journal Entries JE # 2			
PBC entry to correct Prepaids and Accrued Cost of Electricity balances at year-end.			
23040-0000	ACCRUED COST OF ELECTRICITY	870,000	
41510-0000	POWER PURCHASES	6,038	
14520-0000	RESERVE ADEQUACY		876,038
Total		**876,038**	**876,038**

Adjusting Journal Entries JE # 3			
Auditor entry to agree Billed Revenues to AR Aging.			
13710-0000	BILLED REVENUES	260,934	
30120-0000	COMMERCIAL & INDUSTRIAL SALES		260,934
Total		**260,934**	**260,934**

Adjusting Journal Entries JE # 4			
Auditor entry to adjust NEM receivables and payables to Aging report.			
30110-0000	RESIDENTIAL SALES	104,658	
30120-0000	COMMERCIAL & INDUSTRIAL SALES	156,988	
13725-0000	NEM RECEIVABLE		162,609
23020-0000	NEM CREDITS		99,037
Total		**261,646**	**261,646**

Adjusting Journal Entries JE # 7			
PBC entry to correct Lockbox and ICS cash accouts.			
13120-0000	CASH - LOCKBOX	300,000	
30110-0000	RESIDENTIAL SALES	191,176	
30120-0000	COMMERCIAL & INDUSTRIAL SALES	127,450	
13120-0000	CASH - LOCKBOX		318,626
13150-0000	CASH - ICS MM		300,000
Total		**618,626**	**618,626**

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 10

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Yvonne Hunter, Legislative and Projects Specialist
Mark Fenstermaker, Pacific Policy Group; VCE Lobbyist

SUBJECT: Ratification of VCE's positions on legislative bills: A) AB 50 (Interconnection) and B) AB 1373 (Central Procurement. Resource Adequacy).

DATE: June 15, 2023

RECOMMENDATION
Ratify VCE's positions on AB 50 (Support) and AB 1373 (Oppose unless amended and Neutral).

BACKGROUND/ANALYSIS
In order for VCE to effectively engage in the legislative process in a timely manner, it is not always possible to bring pending legislation through the LegReg Task Group, CAC and/or the Board of Directors review processes before adopting a position. In these situations, VCE's policy and procedure authorize the Executive Officer and/or Board subcommittee to adopt positions to enable VCE's lobbyist, staff and Boardmembers to lobby a bill, including testifying, sending letters and meeting with legislators.

AB 50 (Wood) and AB 1373 (Garcia) are two bills this session that used this expedited process. The positions adopted are consistent with VCE's legislative platform and existing policy. Copies of VCE's letters are available on the VCE website.

AB 50 (Wood (plus co-authors Aguiar-Curry and Dodd, VCE's legislators)). Support.
AB 50 would improve interconnectivity timelines for new and existing electric customers, promote more efficient distribution planning, and increase communication between large electric corporations, local governments, and state government. It is one of several bills introduced this year that address problems facing customers. AB 50 passed the Assembly and is now pending in the Senate.

AB 1373 (Garcia). Oppose Unless Amended; Neutral.
AB 1373 is one of two legislative vehicles that propose serious challenges to CCAs. In addition to AB 1373, the Governor has proposed a budget trailer bill, both of which include three provisions opposed by CalCCA and individual CCAs, including VCE.

As Introduced – AB 1373

As introduced, AB 1373 proposed: (1) a central procurement entity that would procure clean electricity resources that would compete with and potentially supplant CCAs' authority to procure on behalf of CCA customers; (2) an expansion of CPUC authority over CCAs and (3) capacity penalty payments for Resource Adequacy deficiencies. VCE, along with other CCAs and CalCCA, adopted an "oppose unless amended" position and actively lobbied the bill. Several of the CalCCA proposed amendments to address the problems with the bill were adopted by the author. With those amendmements, CalCCA removed its opposition and is now neutral. However, CalCCA continues to work to address remaining issues with the bill.

VCE actively lobbied AB 1373, including sending a letter conveying the position of opposition unless amendments were taken, testifying in committee and meeting with legislative staff. In addition, Boardmember Frerichs, along with Mitch Sears and VCE lobbyist Mark Fenstermaker, met with Assembly Member Aguiar-Curry's Chief of Staff about the bill.

As Amended AB 1373

As amended, AB 1373 passed the Assembly and is now pending in the Senate. Based on the CalCCA amendments now included in the bill, and following CalCCA's action, VCE staff has authorized an updated position on AB 1373 – neutral. A letter will be sent informing the author of this action. The intent is to recognize the willingness of the author to address the concerns raised by CCAs while at the same time making it clear that CCAs wish to continue working to resolve the remaining issues. In addition, this action may also impact negotiations in the Senate as well as in the budget discussions.

VCE will continue to work with CalCCA on addressing the remaining issues with AB 1373 and the budget trailer bill language to resolve the outstanding problems.

CONCLUSION

Staff recommends the the Board ratify VCE positions on AB 50 – Support and AB 1373 – Oppose Unless Amended and Neutral.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

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

SUBJECT: Approve amended Contract with Polaris Inc. for implementation of the AgFIT (Flexible Irrigation Technology) dynamic pricing pilot program

DATE: June 15, 2023

RECOMMENDATIONS

1. Approve an amended services contract with Polaris Inc. for implementation support of the AgFIT (Flexible Irrigation Technology) dynamic pricing pilot program.

2. Authorize the Executive Officer and/or his designee to execute and take all actions necessary to implement the services contract substantially in the form attached hereto on behalf of VCE, and in consultation with legal counsel, to approve minor changes to the services contract so long as the term and amount are not changed.

BACKGROUND AND ANALYSIS

More than 85% of VCE's service territory is designated for agricultural use. Due to this high concentration, the agricultural sector represents approximately 18% of VCE's total annual load and 16% of its peak demand.

At its December 2, 2021 meeting, the CPUC issued decision 21-12-015 authorizing VCE's proposed dynamic rate pilot to be made available to customers taking electric service on irrigation pumping tariffs. The Pilot includes automation of agricultural pumping loads to respond to dynamic prices set by VCE and implementation of an experimental rate that incorporates energy and delivery costs in hourly prices. Customers who successfully respond to the prices and shift load out of expensive hours—typically the ramp hours—are projected to enjoy bill savings of up to 10% while contributing to grid reliability when it is most needed. A significant amount of the State's agricultural irrigation pumping load is shiftable, presenting an important opportunity for California's grid and environment.

The AgFIT pilot is a unique undertaking that requires a combination of technical knowledge, electricity rate structuring that is matched with practical expertise in the agricultural sector that is exceedingly uncommon. Polaris was awarded a grant by the California Energy Commission that is the precursor study for the AgFIT pilot and provides them with the prerequisite skills and knowledge to support the VCE AgFIT pilot.

<u>Pilot Program Consultant Support – Contract Amendment</u>
At its February 10, 2022, meeting the VCE Board approved a contract with Polaris for support services related to the Pilot. As the Pilot has evolved over the past two years, amendments to the original contact have been identified. These include amendments to reflect a larger engineering scope, as well as to subtract amounts already spent in the automation incentives budget. The First Amendment to the contract was approved February 9, 2023.

Since that amendment, the Pilot partners including PG&E, TeMix, Polaris and VCE have identified issues with the AgFIT tariff's subscription component (a pricing component based on past usage, which can be highly variable with agricultural customers) in which the end result was that customers' usage shift was not strongly correlated with their pilot tariff savings. One of the key goals in the AgFIT pilot was to closely correlate customers shifting usage off-peak with their bill savings, to provide ample incentive for the desired behavior change.

The AgFIT Pilot Partners, along with the Energy Division of the California Public Utilities Commission, evaluated several tariff modification options to better correlate usage shift to savings. The decision among the group was to pursue a new approach called "AgFIT 2.0," which resulted in an increased scope for Polaris Energy Services, Inc. This contract amendment will compensate Polaris for the change in scope, in one-time, as well as ongoing, expenses. The total not-to-exceed amount of this contract with Polaris is reimbursable from the CPUC's awarded $3,940,000 budget for the pilot.

FISCAL IMPACT
The AgFIT program budget is reimbursed by CPUC funds, so there is a net neutral revenue impact on VCE's budget.

CONCLUSION
Staff recommends the Board approve the amended services contract with Polaris for support of the AgFIT dynamic pricing pilot.

ATTACHMENT
1. 2nd Amendment to Polaris (AgFIT) services contract
2. Resolution 2023-XXX

SECOND AMENDMENT

TO THE AGREEMENT FOR CONSULTANT SERVICES

BETWEEN

VALLEY CLEAN ENERGY ALLIANCE AND

POLARIS ENERGY SERVICES, INC.

This Second Amendment to the Consultant Services Agreement (“Second Amendment”), is made and entered into as of this 15th day of June, 2023 (“Effective Date”), by and between Valley Clean Energy Alliance, a Joint Powers Authority existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 (“VCE”) and Polaris Energy Services), Inc., a corporation, with its principal place of business at 411 Woodbridge Street, San Luis Obispo, California 93401 (“PES” or “Consultant”). VCE and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals.

1. On February 1, 2023, VCE and Consultant entered into an Agreement for Consultant Services, (“Agreement”), for the purpose of retaining Consultant to provide the services described in Exhibit A of the Agreement and amended such Agreement on [date].

2. VCE and Consultant now desire to amend the Agreement to revise the scope and payment amount for professional services set forth in Exhibit D of the Agreement.

Now therefore, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

3. The table in the Budget and Compensation section of Exhibit D of the Agreement is hereby amended to add the following costs and scope:

   Program Launch: PES will modify its solution to integrate nominal pricing from Temix and translate these prices into final prices for presentation to AgFIT customer participants according to program rules. The prices will be integrated into the new myPOLARIS web application to enable customers to schedule the operation of irrigation pumps and other electrical assets. Customer-created schedules will be considered purchases of electricity and PES will modify its database to record the price and quantity of such purchases.

Tasks for Program Launch Phase	
Modifications to data-in integration	
Derive pricing components	
Generate customer-facing prices	
Integrate new prices into scheduling UI	
Remove subscription calculation from scheduling	
Database modifications to record purchases	
Disable sending purchases to API	
Total One-time Cost for Phase	$ 8,250

4. **Post-Program Launch**: PES will generate AgFIT monthly shadow bills for customers using customer energy purchase transactions and ex-post transactions that reconcile actual demand behavior using validated PG&E interval data. It is assumed that the shadow bill definition is substantially similar to what has been discussed previously, modified for 2023 program rules. Shadow bills will be generated in Tableau and will be formatted in a manner that is reasonably presentable to customers.

   It is also assumed that shadow bills are "hand delivered" to customers from the Tableau exports and no integration to myPOLARIS or any utility billing system are envisioned or included.

   In this phase, PES will also allocate a fixed budget to create any analytics, reports, and dashboards required by program stakeholders to monitor program performance throughout the season. Implementation hours beyond the fixed budget can be accommodated at agreed upon rates through separate Statements of Work.

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///

Tasks for Post-Program Launch Phase	
Modify SMD loader to request validated PG&E data after customer bill is produced	
Implement SMD loader trigger mechanism (in coordination with PG&E)	
Generate ex-post transactions	
Modify database to create system of record for ex-post transactions	
Monthly shadow bill creation in Tableau	
Program performance reports and dashboard creation	
On-going bill generation for each program month (recurring cost)	
Validate monthly bill inputs and outputs with VCE	
Total One-time Cost for Phase	$ 13,250
Total Recurring Costs for Each Program Month	$ 2,500/month

5. **End of Season Reconciliation, Settlement, Reporting**: PES will create an end-of-season roll up summary for each participating customer. The roll-up definition will be agreed upon by program stakeholders, but it is assumed that the summary is substantially based on an aggregation of the monthly shadow bills and monthly performance data contained in the PES platform.

   PES will also allocate a fixed budget to create any program-level performance outcome reports required by program stakeholders. Any reporting needs that exceed this budget can be accommodated in separate Statements of Work.

It is also assumed that any payments to customers or on-bill credits to customers are handled by the billing entities and no integration with payment or billing systems is envisioned or included.

Tasks for End-of-Season Phase	
End-of-Season Customer Roll-up Report	
Program Outcomes Reporting	
Total One-time Cost for Phase	$ 6,260

Platform and Application Development Cost Summary

One-time Development Costs	**Total Hours**
Program Launch	$ 8,250
Post-Program Launch	$13,250
End-of-Season Reconciliation, Settlement, & Reporting	$ 6,250
Total One-time Costs Summary	**$ 27,750**

Recurring Platform and Services Costs	**Total Hours**
Monthly bill generation (per month) x 24	$ 2,500
Total Recurring Costs Summary	**$ 60,000**
Total Additional Costs	**$87,750**

6. Except as amended by this Second Amendment, all other provisions of the Agreement will remain in full force and effect.

7. If any portion of this Second Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

[Signatures on Next Page]

SIGNATURE PAGE FOR SECOND AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN VALLEY CLEAN ENERGY ALLIANCE AND POLARIS ENERGY SERVICES, INC.

IN WITNESS WHEREOF, the Parties have entered into this Second Amendment as of the Effective Date.

VALLEY CLEAN ENERGY ALLIANCE	POLARIS ENERGY SERVICES, INC.
By: ____________________________ Mitch Sears Executive Officer	By: _________________________________ Its: _________________________________ Printed Name: __________________________

APPROVED AS TO FORM:

By: __________________________
Inder Khalsa
VCE Attorney

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING ENTERING INTO A SECOND AMENDMENT IN THE AGREEMENT FOR SERVICES FOR THE AGRICULTURAL FLEXIBLE IRRIGATION TARIFF PILOT (AgFIT) WITH POLARIS ENERGY SERVICES (POLARIS) AND AUTHORIZING EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO EXECUTE AND SIGN THE AGREEMENT

WHEREAS, at its December 2, 2021, meeting the California Public Utilities Commission issued decision 21-12-015 authorizing Valley Clean Energy's proposed dynamic rate pilot to be made available to customers taking electric service on irrigation pumping tariffs, with a budget of $2.5M to be overseen by VCE; and

WHEREAS, in support of VCE's significant agricultural sector, the Board adopted a 3-year Programs Plan on June 10, 2021, that included an agricultural demand-side program which evolved into the AgFIT dynamic rate pilot program; and,

WHEREAS, at its February 10, 2022, meeting, the Board approved a contract with Polaris for support services related to the Pilot; and

WHEREAS, at its February 9, 2023, meeting, the Board approved the first amendment with Polaris for an increased scope of support services related to the Pilot; and

WHEREAS, as the Pilot has evolved over the past year, amendments to the original contact have been identified. These include a larger engineering scope, as well as to subtract amounts already spent in the automation incentives budget; and

WHEREAS, The AgFIT Pilot Partners, along with the Energy Division of the California Public Utilities Commission, evaluated several tariff modification options to better correlate usage shift to savings; and,

WHEREAS, the decision was to pursue a new approach to pricing, which resulted in an increased scope for Polaris Energy Services, Inc.; and,

WHEREAS, the increased scope would result in a net-neutral revenue effect for VCE's budget; and,

WHEREAS, staff recommends that VCE enter into an amended agreement with Polaris, an entity that has prior experience with similar pilots in the agricultural sector, in order to most efficiently execute the pilot.

///

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

1. Authorize the Executive Officer, in consultation with legal counsel, to execute a contract amendment with Polaris to provide services necessary to implement the pilot, for an increased amount of $87,750.

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

Attachment A: Second Amendment to Polaris Energy Services Agreement

ATTACHMENT A

SECOND AMENDMENT TO
POLARIS ENERGY SERVICES AGREEMENT (AGFIT)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 12

TO:	Board of Directors
FROM:	Mitch Sears, Executive Officer Rebecca Boyles, Director of Customer Care and Marketing Sierra Huffman, Program and Community Engagement Analyst
SUBJECT:	Contract with Yolo County for the Electrification Retrofit Rebate Outreach Program (ERRO)
DATE:	June 15, 2023

RECOMMENDATION

Approve resolution authorizing the Executive Officer and/or his designee to execute and take all actions necessary to implement the contract with Yolo County for the Electrification Retrofit Rebate Outreach Program (ERRO).

BACKGROUND

The Electrification Retrofit Rebate Outreach (ERRO) Program will create a comprehensive outreach program in partnership with Yolo County to encourage low-income households in the unincorporated area to access $1 billion in State electrification rebates, as well as other related electrification retrofit rebates for existing residential homes. Helping these households reduce ongoing energy-related costs by targeting direct outreach to them will have long-term economic as well as potential indoor air quality benefits.

ANALYSIS

<u>Program Details</u>

The ERRO Program is an outreach and technical assistance program designed to identify lower income households who have had difficulty paying their utility bills and provide support for accessing State electrification rebates. Though the Program does not include direct distribution of energy efficiency rebates, VCE will be monitoring for grant opportunities to provide this direct support.

Using Valley Clean Energy's data on low-income households in the unincorporated area of Yolo County that encountered difficulty paying their energy bills during the COVID-19 pandemic, VCE will work with Yolo County to reach out to these households and/or landlords of multifamily dwellings to connect them with information about electrification rebates, help fill out applications, and help facilitate retrofits if needed.

This project also includes the development of a system for tracking households which secure electrification rebates by working with the State and other rebate agencies to provide data related to successful rebate applications in the unincorporated area. This project is anticipated to create replicable models for electrification retrofit rebate programs throughout the County, region, and state. The outreach program would provide template outreach materials which other jurisdictions could use to implement similar programs. If approved, VCE's support of the ERRO Program would commence July 2023 and conclude December 2024. VCE plans to work with its incumbent marketing contractor REACH Strategies to minimize staff impact related to program execution.

FISCAL IMPACT

The ERRO Program would have a net-neutral effect on VCE's budget, as Yolo County would be providing $100,000 in American Rescue Plan (ARP) funds to VCE for its portion of program execution.

ATTACHMENTS

1. Program Metrics
2. Program Budget
3. Resolution 2023-XXX (including draft Contract)

Attachment 1: Program Metrics

Performance Measures Framework	Outcome Measure	Data Collection Method	Data Tracking Frequency	Outcome Link to ARP Narrative
How much did we do?	Number of people reached	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*
How well did we do it?	Number of existing homes converted to all electric	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*
Is anyone better off?	Associated greenhouse gas reduction quantification	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*

Attachment 2: Program Budget

Electrification Retrofit Rebate Outreach Program		Funding Sources	
Budget Item	**Total Budget**	**ARP**	**Other Funds**
Personnel/Salaries	$ 85,000.00	$ 85,000.00	$ -
Capital Expenses	$ -	$ -	$ -
Operating Expense	$ 10,000.00	$ 10,000.00	$ -
Program Supplies	$ 5,000.00	$ 5,000.00	$ -
Total Direct Cost	$ 100,000.00	$ 100,000.00	$ -
Less: Capital Expenses, Rents	$ -	$ -	$ -
Modified Total Direct Cost	$ $100,000.00	$ -	$ -
Indirect Cost (10% of MTDC)	$ -	$ -	$ -
TOTAL	**$ 100,000.00**	**$ 100,000.00**	**$ -**

Electrification Retrofit Rebate Outreach Program	Quarterly Expenditures (Fiscal Year 2024)			
Budget Item	**Q1 (Jul-Sep 2023)**	**Q2 (Oct-Dec 2023)**	**Q3 (Jan-Mar 2024)**	**Q4 (Apr-Jun 2024)**
Personnel/Salaries	$ 14,167.00	$ 14,167.00	$ 14,167.00	$ 14,167.00
Capital Expenses	$ -	$ -	$ -	$ -
Operating Expense	$ 1,667.00	$ 1,667.00	$ 1,667.00	$ 1,667.00
Program Supplies	$ 833.00	$ 833.00	$ 833.00	$ 833.00
Indirect Cost (10% of MTDC)	$ -	$ -	$ -	$ -
TOTAL	**$ 16,667.00**	**$ 16,667.00**	**$ 16,667.00**	**$ 16,667.00**

Electrification Retrofit Rebate Outreach Program	Quarterly Expenditures (Fiscal Year 2025)			
Budget Item	**Q1 (Jul-Sep 2024)**	**Q2 (Oct-Dec 2024)**	**Q3 (Jan-Mar 2025)**	**Q4 (Apr-Jun 2025)**
Personnel/Salaries	$ 14,166.00	$ 14,166.00	$ -	$ -
Capital Expenses	$ -	$ -	$ -	$ -
Operating Expense	$ 1,666.00	$ 1,666.00	$ -	$ -
Program Supplies	$ 834.00	$ 834.00	$ -	$ -
Indirect Cost (10% of MTDC)	$ -	$ -	$ -	$ -
TOTAL	**$ 16,666.00**	**$ 16,666.00**	**$ -**	**$ -**

Attachment 3: Draft ERRO Contract and Resolution 2023-XXX

SUBAWARD INFORMATION

Subrecipient Legal Name:	Valley Clean Energy Alliance				
Subaward Project Title:	Electrification Retrofit Rebate Outreach Rebate Program				
Subaward/Project Number:					
Subaward Project Period:	Start:	July 1, 2023		End:	December 30, 2024
Amount Funded:	$ 100,000				
Federal Awarding Agency:	Department of the Treasury		Federal Award Number:	N/A	
CFDA Number:	21.027	CFDA Title:	Coronavirus State and Local Fiscal Recovery Funds		

Attachments: Attachment 1 – Subaward Terms and Conditions

Attachment 2 – General Terms and Conditions

Attachment 3A – County Contacts

Attachment 3B – Subrecipient Contacts

Attachment 4 – Reporting Requirements

Attachment 4A – ARP Performance Measures Template

Attachment 5 – Statement of Work

Attachment 6 –Budget Information

Attachment 7 – Insurance Requirements

The County of Yolo hereby awards a subaward, as described above, to Subrecipient. In its performance of subaward work, Subrecipient is an independent entity and not an employee or agent of the County.

SUBRECIPIENT

Signature of Authorized Official:		Date Signed:	
Authorized Official Name:	Mitch Sears		
Authorized Official Title:	Executive Officer		

COUNTY OF YOLO

Signature of Authorized Official:		Date Signed:	
Authorized Official Name:	Ryan Pistochini		
Authorized Official Title:	Procurement Manager		

Signature of County Counsel:		Date Signed:	
Name:	Kimberly Hood, Assistant County Counsel		

ATTACHMENT 1 – SUBAWARD TERMS AND CONDITIONS

1. **Payment provisions**

   Subrecipient shall submit invoices not more often than monthly and not less frequently than quarterly for allowable costs incurred for the approved Project. Upon the receipt of proper invoices, the County agrees to process payments in accordance with this Subaward and 2 CFR 200.305. All invoices shall be submitted using Subrecipient's standard invoice, but at a minimum shall include current and cumulative costs (including cost sharing), Subaward number, and certification, as required in 2 CFR 200.415(a). Invoices that do not reference County's Subaward number shall be returned to Subrecipient. Invoices and questions concerning invoice receipt or payments shall be directed to the County's Contact, as shown in Attachment 3A.

   A final statement of cumulative costs incurred, including cost sharing, marked "FINAL," must be submitted to County's Contact, as shown in Attachment 3A, NOT LATER THAN 60 days after the end date. The final statement of costs shall constitute Subrecipient's final financial report.

   All payments shall be considered provisional and subject to adjustment within the total estimated cost in the event such adjustment is necessary as a result of an adverse audit finding against the Subrecipient. Subrecipient also agrees that it must immediately return to the County any funds expended by the Subrecipient under this Subaward, which are later determined by the Federal government, the State of California, the County, or representatives thereof, not to have been allowable under applicable State of federal laws and regulations.

2. **Amendments and Other Changes**

   Matters concerning the request or negotiation of any changes in the terms, conditions, or amounts cited in this Subaward, and any changes requiring prior approval, should be directed to the other party's Contact, as shown in Attachments 3A and 3B. Any such changes made to this Subaward require the written approval of each party's Authorized Official, as shown in Attachment 3.

   The County may issue non-substantive changes to the Project Period and budget unilaterally. Unilateral modifications shall be considered valid 14 days after receipt unless otherwise indicated by Subrecipient when sent to Subrecipient's Contact, as shown in Attachment 3B.

3. **Termination**

   Either party may terminate this Subaward with 30 days written notice to the appropriate party's Contact, as shown in Attachments 3A and 3B. County shall pay Subrecipient for termination costs as allowable under Uniform Guidance, 2 CFR 200, or 45 CFR Part 74 Appendix IX, as applicable.

4. **Certification**

   By signing this Subaward, including the attachments hereto which are hereby incorporated by reference, Subrecipient certifies that it will perform the Statement of Work in accordance with the terms and conditions of this Subaward and the applicable terms of the Federal Award, including the appropriate Terms and Conditions of the Federal Awarding Agency, as referenced in Attachment 1.

The parties further agree that they intend this Subaward to comply with all applicable laws, regulations, and requirements.

5. **Certification Regarding Lobbying (2 CFR 200.450)**
By signing this Subaward, the Subrecipient Authorized Official certifies, to the best of his/her knowledge and belief, that no Federal appropriated funds have been paid or will be paid, by or on behalf of the Subrecipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement in accordance with 2 CFR 200.450.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or intending to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Subrecipient shall complete and submit Standard Form -LLL, "Disclosure Form to Report Lobbying," to the County.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

6. **Civil Rights Compliance**
By signing this Subaward, the Subrecipient certifies that it will comply with all legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds, including that Subrecipient shall not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.

7. **Debarment, Suspension, and Other Responsibility Matters (2 CFR 200.213 and 2 CFR 180)**
By signing this Subaward, the Subrecipient Authorized Official certifies, to the best of his/her knowledge and belief that neither the Subrecipient nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, in accordance with 2 CFR 200.213 and 2 CFR 180.

8. **Audit and Access to Records**
   Per 2 CFR 200.501- 200.521, Subrecipient certifies that it will provide notice of any adverse findings which impact this Subaward and will provide access to records as required by parts 2 CFR 200.336, 200.337, and 200.201 as applicable.

   Per California Government Code §8546.7, this Subaward is a contract that is subject to the examination and audit of the California State Auditor.

   If Subrecipient is not subject to the Single Audit Act, then Subrecipient will provide notice of the completion of any required audits and provide access to such audits upon request.

9. **Program for Enhancement of Contractor Employee Protections (41 U.S.C 4712)**
   Subrecipient is hereby notified that they are required to: inform their employees working on any federal award that they are subject to the whistleblower rights and remedies of the pilot program; inform their employees in writing of employee whistleblower protections under 41 U.S.C §4712 in the predominant native language of the workforce; and include such requirements in any agreement made with a subcontractor or subgrantee.

10. **Use of Name**
    Neither party shall use the other party's name, trademarks, or other logos in any publicity, advertising, or news release without the prior written approval of an authorized representative of that party. The parties agree that each party may use factual information regarding the existence and purpose of the relationship that is the subject of this Subaward for legitimate business purposes, to satisfy any reporting and funding obligations, or as required by applicable law or regulation without written permission from the other party. In any such statement, the relationship of the parties shall be accurately and appropriately described.

11. **Flow Down to Subrecipients**
    The Subrecipient shall require that the language of the certifications above in this Attachment 1 and in Attachment 2 be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

12. **Additional Terms and Conditions Incorporated by Reference**
    By signing this Subaward, Subrecipient agrees to the following:
    A. To abide by the conditions on activities and restrictions on expenditure of federal funds in appropriations acts that are applicable to this Subaward to the extent those restrictions are pertinent. This includes any recent legislation noted on the Federal Awarding Agency's website: https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds
    B. 2 Code of Federal Regulations 200 available at www.ecfr.gov.
    C. The Federal Awarding Agency's grants policy guidance, including addenda in effect as of the beginning date of the period of performance or as amended found at:

https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities

D. To abide by the conditions on activities funded by this subaward, the Subrecipient agrees to perform its activities consistent with the Accounting Handbook for Community-Based Organizations and the Contract Administration Manual for Community-Based Organizations, incorporated herein by reference and available at: https://www.yolocounty.org/business/community-based-organization-cbo-resources

13. Insurance

Subrecipient, at their sole cost and expense, shall obtain and maintain throughout the entire term of this Subaward, the insurance set forth in Attachment 7 attached hereto.

Subrecipient shall not commence services until Subrecipient has submitted all the insurance required and such insurance has been approved by the County. All insurance shall be sent to the County's Procurement Division at procurement@yolocounty.org for review and approval.

14. Compliance with Economic Sanctions

Pursuant to California State Executive Order N-6-22 ("Executive Order") imposing economic sanctions against Russia and declaring support of Ukraine, County shall terminate any contract with any individual or entity that is in violation of the Executive Order or that is subject to economic sanctions therein and shall not enter a contract with any such individual or entity while the Executive Order is in effect.

Subrecipient is required to comply with the Executive Order and take steps in response to Russia's action in Ukraine, including by not limited to, desisting from making new investments in, or engaging in financial transactions with Russia or Russian entities.

ATTACHMENT 2 – GENERAL TERMS AND CONDITIONS

1. **Indemnification**
   To the fullest extent allowed by law, Subrecipient shall defend, indemnify, and hold harmless the County, its officers, officials, employees and agents from any and all claims, demands, liability, damages, cost or expenses (including but not limited to attorney fees) in law or equity that may at any time arise or be asserted based in whole or in part upon this Agreement or the performance or nonperformance of the project(s) described herein for which the funds are being awarded to Subrecipient, except to the extent caused by the sole negligence or willful misconduct of the County, or the County's officers, agents, or employees. Subrecipient responsibility for such defense and indemnity obligations shall survive the termination or completion of this Subaward for the full period of time allowed by law. The defense and indemnification obligations of this Subaward are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Subaward.

2. **Compliance with applicable laws and regulations**
   Subrecipient shall comply with all applicable laws and regulations, including but not limited to any, which are promulgated to protect the public health, welfare and safety or prevent conflicts of interest. Subrecipient shall defend County and reimburse it for any fines, damages, or costs (including attorney fees) that might be incurred or assessed based upon a claim or determination that Subrecipient has violated any applicable law or regulation.

3. **Conflict of Interest**
   A. Contractor shall comply with the laws and regulations of the State of California and County regarding conflicts of interest, including, but not limited to, Article 4 of Chapter 1, Division 4, Title 1 of the California Government Code, commencing with Section 1090, and Chapter 7 of Title 9 of said Code, commencing with Section 87100 (Political Reform Act), and regulations enacted by the California Fair Political Practices Commission.
   B. Subrecipient covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of Subrecipient's obligations and responsibilities hereunder. Subrecipient further covenants that in the performance of this Subaward, no person having any such interest shall be employed by Subrecipient. This covenant shall remain in force until Subrecipient completes performance of the services required of it under this Subaward.
   C. Subrecipient agrees that if any fact comes to its attention that raises any question as to the applicability of any conflict-of-interest law or regulation, Subrecipient will immediately inform the County and provide all information needed to resolve the question.

4. **Availability of funds**
   This Subaward is subject to the County, the State of California and the United States appropriating and approving sufficient funds for the activities required of the Subrecipient pursuant to this Subaward. If the County's adopted budget and/or its receipts from California and the United States do not contain sufficient funds for this Subaward, the County may terminate this Subaward by giving ten (10) days advance written notice thereof to the Subrecipient, in which even the County shall

have no obligation to pay the Subrecipient any further funds or provide other consideration and the Subrecipient shall have no obligation to provide any further services under this Subaward.

5. **Default**
If Subrecipient fails to perform any part of this Subaward, the County may notify the Subrecipient's Contact of the default and Subrecipient shall remedy the default within 30 days after notification. If Subrecipient fails to do so, then, in addition to any other remedy that County may have, County may terminate this Subaward and withhold any or all payments otherwise owed to Subrecipient pursuant to this Subaward.

6. **Licensure**
Subrecipient certifies that they shall hold all applicable licenses and/or certifications required by Subrecipient's profession and maintain them throughout this Subaward, and that Subrecipient's performance shall meet the standards of licensure/certification.

7. **Independent Contractor**
Subrecipient understands that he/she is not an employee of the COUNTY and is not eligible for any employee benefits, including but not limited to unemployment, health/dental insurance, worker's compensation, vacation, or sick leave.

8. **Confidentiality**
Subrecipient will hold in confidence all information disclosed to or obtained by Subrecipient which relates to activities under this Subaward and/or to the County plans or activities, except to the extent required by law. All documents and information developed under this Subaward and all work products, reports, and related data and materials shall become the property of the County. Subrecipient shall deliver all of the foregoing to the County upon completion of the services hereunder, or upon earlier termination of this Subaward. In addition, Subrecipient shall retain all of its own records regarding this Subaward, and the services provided hereunder for a period of not less than five (5) years from the end of the Subaward, and shall make them available to County for audit and discovery purposes.

9. **Entire Subaward**
This Subaward constitutes the entire agreement of the parties, and no other agreements or representations, oral or written, have been made or relied upon by either party. This Subaward may only be amended as specified in Attachment 1, Section 2, and any other purported amendment shall be of no force or effect. This Subaward, including all attachments, shall be subject to disclosure pursuant to the California Public Records Act.

10. **Execution**
This Subaward shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Subaward shall be filed and resolved in a California State court located in Woodland, California.

ATTACHMENT 3A – COUNTY CONTACTS

Legal Name:	County of Yolo		
Legal Address:	625 Court Street., Room 102 Woodland, CA 95695		
Website:	www.yolocounty.org		
County Contacts			
Grant Project Manager: Email:	John Rowe, American Rescue Plan Project Manager John.Rowe@yolocounty.org	Telephone Number:	530-666-5775
Administrative Contact: Email:	John Rowe, American Rescue Plan Project Manager John.Rowe@yolocounty.org	Telephone Number:	530-666-5775
COI Contact Email:	procurement@yolocounty.org		
Financial Contact: Email:	Tom Haynes, Interim Chief Financial Officer Tom.Haynes@yolocounty.org	Telephone Number:	530-666-8190 ext. 8162
Email Invoices:	☒ Yes ☐ No	Invoice Email (if different):	ARP@yolocounty.org
Authorized Official: Email:	Tonia Murphy, Procurement Manager Tonia.Murphy@yolocounty.org	Telephone Number:	530-406-4830

Administrative and Grant Project Manager Address:

Name: John Rowe, American Rescue Plan Project Manager
Address: County Administrator's Office
County of Yolo
625 Court Street, Room 202
Woodland, CA 95695

Invoice Address:

Name: Tom Haynes, Assistant Chief Financial Officer
Address: Financial Services
County of Yolo
625 Court Street, Room 102
Woodland, CA 95695

ATTACHMENT 3B – SUBRECIPIENT CONTACTS

Entity's DUNS Name:	
EIN No:	Institution Type: Joint Powers Authority
	Currently registered in SAM.gov: X Yes ☐ No ☐
UEID:	
Place of Performance Address: 604 2nd St, Davis, CA 95616	*Subrecipient is performing subaward activities in:* Congressional District: ZipCode+4:

Subrecipient Contacts			
Central Email:	info@valleycleanenergy.org		
Website:	valleycleanenergy.org		
Grant Project Manager:	Rebecca Boyles, Director of Customer Care and Marketing		
Email:	Rebecca.boyles@valleycleanenergy.org	Telephone Number:	530.446.2753
Administrative Contact:	Alisa Lembke, Board Clerk		
Email:	alisa.lembke@valleycleanenergy.org	Telephone Number:	530.446.2754
Financial Contact:	Edward Burnham, Director of Finance & Internal Operations		
Email:	Edward.burnham@valleycleanenergy.org	Telephone Number:	530.446.2752
Invoice/Payment Email (if different from Financial Contact):			
Authorized Official:	Mitch Sears, Executive Officer		
Email:	Mitch.Sears@valleycleanenergy.org	Telephone Number:	530.446.2750

Legal Address:

Name: Valley Clean Energy Alliance
Address: 604 2nd St, Davis, CA 95616

Administrative Address:

Name: Valley Clean Energy Alliance
Address: 604 2nd St, Davis, CA 95616

Payment Address:

Name: Valley Clean Energy Alliance, c/o Edward Burnham
Address: 604 2nd St, Davis, CA 95616

ATTACHMENT 4 – REPORTS AND COMPLIANCE

Subrecipient agrees to submit the following reports and comply with other requirements as specified below:

Technical

☐ Monthly technical/progress report will be submitted to the County's Contact within 15 days after the end of the month.

☒ Quarterly technical/progress reports will be submitted to the County's Contact within 21 days after the end of each project quarter.

☐ Annual technical/progress report will be submitted 30 days before the end of the budget period to the County's Contact. Such report shall also include a detailed budget for the next budget period and, if applicable, updates to subrecipient key personnel

☒ A Final technical/progress report will be submitted to the County's Contact within 60 days after the end of the period of performance.

☐ Technical/progress report as may be required by the County's Contact for the County to satisfy its reporting obligations to the Federal Awarding Agency.

Other

☐ Subrecipient to participate in County-provided technical assistance training within 30 days of contract execution. Subrecipient may not obligate funds under this Subaward until this training is completed.

☐ Property Inventory Report; frequency, type, and submission instructions listed here and only to be used when required by County Federal Award:

Attachment 4A – ARP Performance Measures Template

Project Title: Electrification Retrofit Rebate Outreach Rebate Program

Program Lead & Contact Information (phone, email address)				
Rebecca Boyles, 530-446-2753, rebecca.boyles@valleycleanenergy.org				
Program Purpose Statement: Program is designed to conduct outreach to income-qualified electricity customers in Yolo County in order to connect them with existing rebates for home electricity efficiency measures in order to reduce electricity consumption as well as electricity bills.				
Expenditure Category 6.1 Government Services				
Performance Measures Framework	**Outcome Measure**	**Data Collection Method**	**Data Tracking Frequency**	**Outcome Link to ARP Narrative**
How much did we do?	Number of people reached	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*
How well did we do it?	Number of existing homes converted to all electric	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*
Is anyone better off?	Associated greenhouse gas reduction quantification	Survey	Quarterly	Measure E-2: Reduce Energy Consumption in Existing Residential and Non-Residential Buildings of the *Yolo County Climate Action Plan*

ATTACHMENT 5 – STATEMENT OF WORK

1. Subrecipient shall perform the deliverables, services, and tasks as specified in the statement of work ☒ Below; or ☐ Attached - __ pages. Subrecipient shall obtain written approval from the County prior to any changes to this statement of work.

Electrification Retrofit Rebate Outreach Program will create a two-year comprehensive outreach program in partnership with Valley Clean Energy to encourage low-income households in the unincorporated area to access $1 billion in State electrification rebates, as well as other related electrification retrofit rebates for existing residential homes. Helping these households reduce ongoing costs by targeting them directly will have long-term economic benefits. The Electrification Retrofit Rebate Outreach Program is specifically an outreach and technical assistance program and does not include the distribution of energy efficiency rebates.

Using Valley Clean Energy's confidential data on low-income households in the unincorporated area that encountered difficulty paying their energy bills during the COVID-19 pandemic, Valley Clean Energy will work with Yolo County to reach out to these households and/or landlords of multifamily dwellings to connect them with information about electrification rebates, help fill out applications, and help manage retrofits if needed.

This project also includes the development of a system for tracking households which secure electrification rebates by working with the State and other rebate agencies to provide data related to successful rebate applications in the unincorporated area. This project would create replicable models for electrification retrofit rebate programs throughout the County, region, and state. The outreach program would provide template outreach materials which other jurisdictions could use to implement similar programs.

ATTACHMENT 6 – BUDGET INFORMATION

☒ Below or ☐ Attached - _ Page

Electrification Retrofit Rebate Outreach Program		Funding Sources	
Budget Item	**Total Budget**	**ARP**	**Other Funds**
Personnel/Salaries	$ 85,000.00	$ 85,000.00	$ -
Capital Expenses	$ -	$ -	$ -
Operating Expense	$ 10,000.00	$ 10,000.00	$ -
Program Supplies	$ 5,000.00	$ 5,000.00	$ -
Total Direct Cost	$ 100,000.00	$ 100,000.00	$ -
Less: Capital Expenses, Rents	$ -	$ -	$ -
Modified Total Direct Cost	$ $100,000.00	$ -	$ -
Indirect Cost (10% of MTDC)	$ -	$ -	$ -
TOTAL	**$ 100,000.00**	**$ 100,000.00**	**$ -**

Electrification Retrofit Rebate Outreach Program	Quarterly Expenditures (Fiscal Year 2024)			
Budget Item	**Q1 (Jul-Sep 2023)**	**Q2 (Oct-Dec 2023)**	**Q3 (Jan-Mar 2024)**	**Q4 (Apr-Jun 2024)**
Personnel/Salaries	$ 14,167.00	$ 14,167.00	$ 14,167.00	$ 14,167.00
Capital Expenses	$ -	$ -	$ -	$ -
Operating Expense	$ 1,667.00	$ 1,667.00	$ 1,667.00	$ 1,667.00
Program Supplies	$ 833.00	$ 833.00	$ 833.00	$ 833.00
Indirect Cost (10% of MTDC)	$ -	$ -	$ -	$ -
TOTAL	**$ 16,667.00**	**$ 16,667.00**	**$ 16,667.00**	**$ 16,667.00**

Electrification Retrofit Rebate Outreach Program	Quarterly Expenditures (Fiscal Year 2025)			
Budget Item	**Q1 (Jul-Sep 2024)**	**Q2 (Oct-Dec 2024)**	**Q3 (Jan-Mar 2025)**	**Q4 (Apr-Jun 2025)**
Personnel/Salaries	$ 14,166.00	$ 14,166.00	$ -	$ -
Capital Expenses	$ -	$ -	$ -	$ -

Operating Expense	$ 1,666.00	$ 1,666.00	$ -	$ -
Program Supplies	$ 834.00	$ 834.00	$ -	$ -
Indirect Cost (10% of MTDC)	$ -	$ -	$ -	$ -
TOTAL	**$ 16,666.00**	**$ 16,666.00**	**$ -**	**$ -**

ATTACHMENT 7 – INSURANCE REQUIREMENTS

A. During the term of this Subaward, Subrecipient shall at all times maintain, at its expense, the following coverages and requirements. The comprehensive general liability insurance shall include broad form property damage insurance.

   1. Minimum Coverages (as applicable) - Insurance coverage shall be with limits not less than the following:

      a. Comprehensive General Liability – $1,000,000/occurrence and $2,000,000/aggregate
      b. Automobile Liability – $1,000,000/occurrence (general) and $500,000/occurrence (property) [include coverage for Hired and Non-owned vehicles.]
      c. Professional Liability/Malpractice/Errors and Omissions – $1,000,000/occurrence and $2,000,000/aggregate (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, the Subrecipient must provide this insurance. If not, then this requirement does not apply.)
      d. Workers' Compensation – Statutory Limits/Employers' Liability - $1,000,000/accident for bodily injury or disease (If no employees, this requirement automatically does not apply.)

   2. The County, its officers, agents, employees, and volunteers shall be named as additional insured on all but the workers' compensation and professional liability coverages. It shall be a requirement under this Subaward that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Subaward; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.

      a. The Additional Insured coverage under the Subrecipient's policy shall be "primary and non-contributory" and will not seek contribution from the County's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13.

      b. The limits of Insurance required in this Subaward may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the County of Yolo (if agreed to in a written contract or agreement) before the County's own Insurance or self-insurance shall be called upon to protect it as a named insured.

   3. Said policies shall remain in force through the life of this Subaward and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless the

County Risk Manager specifically consents in writing to a “claims made” basis. For all “claims made” coverage, in the event that the Subrecipient changes insurance carriers Subrecipient shall purchase “tail” coverage covering the term of this Subaward and not less than three years thereafter. Proof of such “tail” coverage shall be required at any time that the Subrecipient changes to a new carrier prior to receipt of any payments due.

4. The Subrecipient shall declare all aggregate limits on the coverage before commencing performance of this Subaward, and the County’s Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Subaward as set forth above are available throughout the performance of this Subaward.

5. Any deductibles or self-insured retentions must be declared to and are subject to the approval of the County Risk Manager. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied either by the named Insured or Yolo County.

6. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Director (ten (10) days for delinquent insurance premium payments).

7. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise approved by the County Risk Manager.

8. The policies shall cover all activities of Subrecipient, its officers, employees, agents, and volunteers arising out of or in connection with this Subaward.

9. For any claims relating to this Subaward, the Subrecipient's insurance coverage shall be primary, including as respects the County, its officers, agents, employees, and volunteers. Any insurance maintained by the County shall apply in excess of, and not contribute with, insurance provided by Subrecipient's liability insurance policy.

10. The insurer shall waive all rights of subrogation against the County, its officers, employees, agents, and volunteers.

B. Prior to commencing services pursuant to this Subaward, Subrecipient shall furnish the County with original endorsements reflecting coverage required by this Subaward. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received by, and are subject to the approval of, the County Risk Manager before work commences. Upon County’s request, Subrecipient shall provide complete, certified copies of all required insurance policies, including endorsements, reflecting the coverage required by these specifications.

C. During the term of this Subaward, Subrecipient shall furnish the County with original endorsements reflecting renewals, changes in insurance companies and any other documents reflecting the maintenance of the required coverage throughout the entire term of this Subaward. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Upon County's request, Subrecipient shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications. Yolo County reserves the right to obtain a full certified copy of any Insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

D. Subrecipient agrees to include with all Subcontractors in their subcontract the same requirements and provisions of this Subaward including the indemnity and Insurance requirements to the extent they apply to the scope of the Subcontractor's work. Subcontractors hired by Subrecipient agree to be bound to Subrecipient and the County of Yolo in the same manner and to the same extent as Subrecipient is bound to the County of Yolo under the Subaward Documents. Subcontractor further agrees to include these same provisions with any Sub-subcontractor. A copy of the Owner Contract Document Indemnity and Insurance provisions will be furnished to the Subcontractor upon request. The Subrecipient shall require all Subcontractors to provide a valid certificate of insurance and the required endorsements included in the agreement prior to commencement of any work and Subrecipient will provide proof of compliance to the County of Yolo.

E. Subrecipient shall maintain insurance as required by this contract to the fullest amount allowed by law and shall maintain insurance for a minimum of five years following the completion of this project. In the event Subrecipient fails to obtain or maintain completed operations coverage as required by this Subaward, the County at its sole discretion may purchase the coverage required and the cost will be paid by Subrecipient.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ___

A RESOLUTION OF VALLEY CLEAN ENERGY AUTHORIZING THE EXECUTIVE OFFICER'S APPROVAL AND EXECUTION OF A CONTRACT WITH YOLO COUNTY FOR THE ELECTRIFICATION RETROFIT REBATE OUTREACH (ERRO) PROGRAM

WHEREAS, Valley Clean Energy ("VCE") was formed as a community choice aggregation agency ("CCA") on November 16, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, many low-income households in Valley Clean Energy's service territory had trouble paying electric bills during the COVID-19 crisis; and,

WHEREAS, VCE has data on households that had trouble paying, and could conduct direct outreach to these households in order to connect them with rebates that could help them to save money on electricity bills; and,

WHEREAS, the Electrification Retrofit Rebate Outreach (ERRO) Program would create a comprehensive outreach program in partnership with Yolo County and Valley Clean Energy to encourage low-income households in the unincorporated area to access a portion of the $1 billion in existing State electrification rebates, as well as other related electrification retrofit rebates for existing residential homes; and,

WHEREAS, The ERRO Program would have a net-neutral effect on VCE's budget, as Yolo County would be providing $100,000 in American Rescue Plan (ARP) funds to VCE for program execution.

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

1. Authorization for the Executive Officer and/or his designee to execute and take all actions necessary to implement the contract with Yolo County for the Electrification Retrofit Rebate Outreach Program (ERRO).

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PASSED, APPROVED AND ADOPTED, at a special meeting of Valley Clean Energy, 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 13

To: Board of Directors

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

Subject: Electric Vehicle Rebate Pilot Program – Phase 1 Extension

Date: June 15, 2023

RECOMMENDATION
Approve Phase 1 extension of Valley Clean Energy's Electric Vehicle Rebate Pilot Program.

BACKGROUND
In September 2022, VCE launched an Electric Vehicle (EV) Rebate Pilot Program within the context of a national and statewide movement in transportation electrification. The shift in focus from traditional gas vehicles with the recognition of the emissions associated with fossil fuel transportation motivated VCE to explore the most effective ways to increase local EV adoption. VCE designed a program that stacks with existing EV rebates and incentives, providing VCE customers with additional funding opportunities. VCE's efforts in this area are consistent with many other CCAs in the State.

Phase 1 of the program is providing rebates for new electric and plug-in hybrid electric vehicles with proof that the customer has received a rebate from the California Vehicle Rebate Project (CVRP). The program has been very successful, with 6 low-income rebates and 24 standard rebates disbursed or in-progress, with $0 remaining in the rebates budget of $80,000 ($100,000 total program budget). 2 income-qualified and 1 standard rebate application have been placed on the waitlist. VCE has received positive feedback from participating customers, and one previously opted-out customer returned to VCE in order to qualify for the rebate. VCE has also received several inquires from Yolo County residents who are not in VCE's service territory, mainly West Sacramento residents.

Consistent with the original Board approval in September 2022, staff moved the reserved $20,000 for marketing/outreach and program administration into the fund for rebates, since the program administration has been manageable within current staff workloads and additional program administration assistance has not been necessary. Per Board direction, the 6-month reserve period has expired, so those funds are available for rebates. Staff also recommends allocating an additional $20,000 in program funds (out of an available $119,000 in Programs Fund) for a total remaining budget of $40,000 in an extension of Phase 1 of the program, while the Programs/Outreach Task Group and CAC explore additional program design elements to launch in Phase 2 (anticipated to be brought back to the Board for consideration later this year with a target launch in Q4 2023).

The Community Advisory Committee voted to recommend the Phase 1 extension and increase of $20,000 in the program budget at its April 27, 2023, meeting.

FINANCIAL IMPACT

Total proposed increase to program budget for Phase 1 extension is $20,000. Rebate amounts would remain as follows: low-income customers would be provided with $4,000 for any new battery or plug-in hybrid EV; all other eligible customers would receive $2,000 for new plug-in hybrids or $2,500 for new battery EVs.

CONCLUSION

Staff is asking the Board for approval of the Phase 1 extension of Valley Clean Energy's Electric Vehicle Rebate Pilot Program.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Gordon Samuel, Assistant General Manager & Director of Power Resources
Alisa Lembke, VCE Board Clerk/Administrative Analyst

SUBJECT: Consider Reappointment and Appointment to Jurisdiction seats on Community Advisory Committee

DATE: June 15, 2023

RECOMMENDATION

1. Reappoint Jennifer Rindahl to the City of Winters jurisdiction seat to the Community Advisory Committee (CAC) Member for a three (3) year term to expire 2026 (Class 2);
2. Consider candidates for appointment to vacant City of Davis jurisdiction seat for a three (3) year term to expire 2026 (Class 2); and,
3. Continue to solicit candidates for vacant City of Woodland and unincorporated Yolo County jurisdiction seats.

BACKGROUND/ANALYSIS

The Board at their September 9, 2021 meeting, adopted a revised Community Advisory Committee (CAC) structure with eleven total members: eight jurisdictional members (two per jurisdiction) and three additional seats for At-large members intended to fill specific subject matter expertise/experience areas.

Class 2 appointments expired in June 2023 and in March 2023 Staff received a resignation from the Member appointed to represent the City of Woodland. Class 2 consists of jurisdiction seats: Davis, Woodland, Winters and unincorporated Yolo County. Currently, one Member has agreed to stay on until the Board appoints to fill their seat and one Member is seeking reappointment. Staff advertised on VCE's website, through local newspapers and jurisdiction partners seeking applicants for all jurisdiction seats. In addition, CAC members sought out applicants. In response, Staff received one (1) new application from a City of Davis resident: Carl Linvill. No other applications were received.

Several applications were on file from residents of the cities of Davis and Winters, who had previously applied for consideration for appointment to vacant CAC seats. Staff contacted those applicants with one resident interested in being considered for appointment to the City of Davis seat: Eugen Dunlap.

Staff reviewed the two (2) applications from City of Davis residents. In summary:

- Eugen Dunlap is interested in encouraging and educating others on the usage of electric vehicles and solar; he has 20 years experience in the promotion of electric vehicles, including participating in Sac-EVA; experience and a supporter of solar; knowledge of his community; and owned an environmental building material business.

- Carl Linvill is interested in developing local renewable energy and disturbed energy resource technologies to provide local resilience for underserved communities; increase carbon reduction in the power, buildings and transportation sectors; has decades of experience working in the electricity sector; and, supports electrification policies and equity community goals.

Consistent with past practice, staff provided the two (2) applications to the jurisdiction Board Members (City of Davis), for their review and consideration for recommendation to the Board for appointment.

<u>Reappointment of Existing CAC Member</u>
Jennifer Rindahl whose term expired in June 2023 (Class 2) is seeking reappointment to the City of Winters seat.

CONCLUSION
Staff recommends the Board consider:

1. Reappointment of Jennifer Rindahl to the City of Winters jurisdiction seat for a three (3) year term to expire 2026 (Class 2);
2. Appointment of either Eugen Dunlap or Carl Linvill to the vacant City of Davis jurisdiction seat for a three (3) year term to expire 2025 (Class 2); and,
3. Have Staff continue to solicit candidates for vacant City of Woodland and unincorporated Yolo County jurisdiction seats until filled.

Below is a listing of the other “classes” and expiration terms:

<u>CLASS 3 ‑ term expires in June 2024</u>
At-Large – Lorenzo Kristov
At-Large – Keith Taylor
At-Large – Kristin Jacobs

<u>CLASS 1 - term expires in June 2025:</u>
Winters Rep. – David Springer
Woodland Rep. – Mark Aulman
Davis Rep. – Rahul Athalye
Yolo County Rep. – Cynthia Rodriguez

<u>Attachment</u>

1. CAC City of Davis Applications (2)

Return to:

Valley Clean Energy
604 Second Street
Davis, CA 95616

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY COMMUNITY ADVISORY COMMITTEE APPLICATION

Received on:

5/20/2022
AML

PERSONAL DATA SHEET

Name: Dunlap, Eugen
Last First Middle

Are you at least 18 years old? Yes

Home Address: [redacted]
Number/Street

Davis, CA [redacted]
City/State/Zip

Email Address: [redacted]

[redacted]
Daytime Phone

Evening/Weekend Phone

Business Title or Occupation: retired

Company/Organization:

Address:
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

☑ City of Davis ☐ City of Woodland ☐ County of Yolo (Unincorporated) ☐ City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat? ☑ Yes ☐ No

Background Information:

Why do you wish to serve as a member of the VCE Community Advisory Committee?

Valley Clean Energy needs someone with electric vehicle in community knowledge. Also strong solar support.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

Promoting electric vehicles over 20 years
Advisory infrastructure member for SacEVA.org, one of the largest ev user groups in the country

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

worked for American Red Cross in Europe for US Army
Had my own environmental building material business
Worked for UCDavis as computer specialist

Volunteering for years with evs and solar

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

in the Mid - 1990s took electric vehicle conversion classes at Sacramento City College
basic training as solar installer, certified

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

That VCE doesn't do enough for electric vehicles and solar.

What do you feel are your most important qualifications?

specialized experience in field of electric vehicles and solar.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

VCE has no decent plan for workplace and public ev charging rates (see city of Winters);
I think the whole dilemma with solar was shocking when VCE started out; still has issues for decentralized solar production.
Support for electrifying homes is so so.

What do you hope to accomplish as a committee member?

have a competitive electric vehicle charging rate (that encourages use) for public chargers. Have solar and support for local micro-grids.
Have more local wind production.

I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: **(Initial here: ERD)**

Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.

AUTHORIZATION AND RELEASE

I understand that in connection with this application for appointment, the information contained herein will be made available to the general public upon request. I further understand that if appointed, I may be required to take the oath of office and may be subject to requirements for filing financial disclosure statements.

[redacted] 5/13/2022
Date

NOTE: This document is a public record and may be disclosed/released pursuant to the California Public Records Act.

FOR OFFICIAL USE ONLY

Applications will be kept on file for two years. This application will expire on: 5/20/2024 ANR

Date of appointment by the Valley Clean Energy Board: ____________

Length of term: ____________

Is this a re-appointment? ____________

Received on: 5/11/2023 AML

Return to:

Valley Clean Energy
604 Second Street
Davis, CA 95616

VALLEY CLEAN ENERGY COMMUNITY ADVISORY COMMITTEE APPLICATION

PERSONAL DATA SHEET

Name: Linvill Carl B.
Last First Middle

Are you at least 18 years old? Yes

Home Address: [redacted]
Number/Street

[redacted]
City/State/Zip

Email Address: [redacted]

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

Business Title or Occupation: Electricity Regulation Expert

Company/Organization: Regulatory Assistance Project

Address: [redacted]
Street Address City, State and Zip

Which Valley Clean Energy jurisdiction do you reside in?

☑ City of Davis ☐ City of Woodland ☐ County of Yolo (Unincorporated) ☐ City of Winters

If you do not reside in Valley Clean Energy's jurisdictions, please include a separate statement to address why you are applying for this committee.

Are you seeking to fill an At-Large Seat? ☐ Yes ☐ No

Background Information:

Why do you wish to serve as a member of the VCE Community Advisory Committee?

I support the development of local renewable energy and other distributed energy resource technologies within Yolo County to provide local resilience for underserved communities at a reasonable price. I am a strong supporter of the CCA model. I currently work for a global NGO based in Vermont that provides assistance to regulatory bodies and advocates who seek to accelerate carbon reduction in the power, buildings and transportation sectors. I want to help VCE achieve its goals.

What experience/perspective would you bring to the committee? Please reference the professional sector and related professional experience below for At-Large member applications in this section.

I have forty years of experience working in the electricity sector. I have worked for a utility; I have been an academic economist and have published research on energy regulation; I have been the director of an energy office and an advisor to the Governor of NV; I have been a utility commissioner in Nevada; I was the principal author of A Clean Energy Vision for the Western US in 2010 which was used funded by Energy Foundation and used as a blue print for decarbonizing the power sector in the US by western advocacy organizations from 2010 on; I have supported clean energy regulatory changes in more than two dozen states over the last fifteen years, including efforts to introduce more equitable access to regulatory processes and proceedings; I served on the Western Energy Imbalance Governing Body for five years, serving as Chair in 2020/2021. I have produced policy papers and advised decision makers on topics including: rate design, distributed energy tariff design, resource planning, distribution planning, performance

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

Energy Advisor to the Governor and Director of the Nevada State Office of Energy, Nevada Office of the Governor, - 2000 to 2003
Utility Commissioner, Nevada Public Utilities Commission - 2003 to 2006.
I served on a number of different western regional energy policy bodies since 2001 as a member or advisor.
Governing Body Member or Chair, Western Energy Imbalance Governing Body, 2016 to 2021.
I have worked for a 501 c3 non-profit, seeking to advance decarbonization policies since 2013 where I have provided assistance at no cost to States to regulators and state energy policy makers in CA, OR, WA, NV, UT, CO, NM, TX, IL, MN, WI, AR, VT, MA, PA, NC, RI, CT, IN, MO, OK, ID, MT, AZ and HI

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

I am a regulatory economist.
I understand utility regulation well as a Commissioner, as an expert witness and as a behind the scenes advisor.
I understand regional electricity markets well.
I have advocated and supported energy efficiency, renewable energy, distributed energy and clean energy policy in one role or another since 1982.
I have supported electrification policy and equity community equity goals for the last few years.

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

No. I am available as an advisor to regulators and state policy makers but I am not paid by state agencies in CA at present. I work for a 501 c3 non-advocacy non-profit that works to advance policies to address climate change and we are NOT funded to advocate for any particular interest.

What do you feel are your most important qualifications?

I believe in the CCA model and I want it to succeed in Yolo County and beyond.
I am committed to an equitable transition and I want to ensure under-represented voices and populations have access to clean electricity that is resilient and as inexpensive as possible.

What do you see as some of the significant issues facing the community in the next few years that might pertain to Valley Clean Energy's Community Advisory Committee?

Building resilience hubs for underserved communities in Yolo County.
Ensuring VCE can acquire its resource adequacy requirements at the least cost possible.
Aggregating distributed and electrified resources to support virtual power plant capabilities and to provide resiliency services to underserved communities is important.
Increasing PG&E bills and increased burdens placed on CCAs are going to affect VCE customers so proactive education and support for all VCE members will be important.

What do you hope to accomplish as a committee member?

I hope to become part of a cohesive VCE team that builds community support by providing progressively improved services to all communities in Yolo County.
I hope to advance the development and use of local distributed and electrified resources to meet needs in Yolo County.

I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: (Initial here: CBL)

Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.

AUTHORIZATION AND RELEASE

I understand that in connection with this application for appointment, the information contained herein will be made available to the general public upon request. I further understand that if appointed, I may be required to take the oath of office and may be subject to requirements for filing financial disclosure statements.

[redacted] May 11, 2023

Please Sign Here Date

NOTE: This document is a public record and may be disclosed/released pursuant to the California Public Records Act.

FOR OFFICIAL USE ONLY

Applications will be kept on file for two years. This application will expire on: 5/11/2025

Date of appointment by the Valley Clean Energy Board: ____________

Length of term: ____________

Is this a re-appointment? ________________________

Dr. Carl Linvill

Dr. Carl Linvill is a Principal with Regulatory Assistance Project (RAP) based in Davis, California. At RAP, he focuses on power sector planning and regulatory and market reforms that facilitate low carbon futures. His current projects address organized market options for the western interconnection, electricity rate and tariff design, and integrated distribution system planning. Prior to joining RAP, Dr. Linvill was Economic and Energy Advisor to Nevada Governor Kenny Guinn, Director of the Governor's Office of Energy, a Nevada Public Utilities Commissioner, and an academic and consulting economist.

Relevant Experience

2013-Present, Principal, Regulatory Assistance Project, Montpelier, VT

- Leads RAP's U.S. Program work on renewable energy integration, wholesale market reform and transmission planning, and works on a wide range of demand response and distributed energy resource issues in all regions. Distributed Energy Resource and Demand Response valuation, tariffs and rate design and Distributed Energy and Demand Response planning have been a recent focus.
- Serves as the lead author or contributing author on many RAP publications and delivers advice and trainings to a wide range of regulators and policymakers. Selected pieces prepared while at RAP include:
    - Smart Rate Design for Distributed Energy Resources, Lebel, Shipley, Linvill and Kadoch, November 2021. A RAP report prepared for the Michigan Public Service Commission.
    - GEB Capabilities for Equity and Resilience Value, Presented at the CEC IEPR Workshop on GEB Value, October 5, 2021
    - Sharing the Good Stuff: Best Practices from Three Minnesota Initiatives, Linvill, et al, June 2021, RAP Publication.
    - Utility Costs and Affordability of the Grid of the Future, California Public Utilities Commission, pp. 147-152, Lebel and Linvill, May 2021.
    - How to Build Clean Energy Portfolios: A Practical Guide to Next-Generation Procurement Practices, Shwisberg, Linvill, et al., February 2021. RMI Publication.
    - The distribution of U.S. electric utility revenue decoupling rate impacts from 2005 to 2017, December 2020, Electricity Journal, Volume 33, Issue 10.
    - California's Outages Are a Teachable Moment, Linvill, September 10, 2020.
    - What is Capacity and How it is Acquired, Linvill and Shipley, December 2019, RAP Presentation to the Oregon stakeholders in a DER capacity proceeding.
    - Flexibility for the 21st Century Power System, Linvill, et al, October 2019. RAP Policy Brief.
    - Implementing Demand Response 2.0: Progress toward full potential in the United States, Dupuy and Linvill, August-September 2019, Electricity Journal Volume 32, Issue 7.
    - Capturing More Value from Combinations of PV and Other Distributed Energy Resources, Shenot, Linvill, et al., RAP Publication, August 2019.
    - Reliability and Roles, Linvill, May 2019. Presentation to the NARUC Electricity Committee.
    - Steel-for-fuel, data-for-fuel, and other good ideas for asset retirement, Linvill and O'Reilly, March 18 2019, Utility Dive.
    - Smart non-residential rate design: Aligning rates with system value, Linvill and Lazar, October 2018, Electricity Journal Volume 31, Issue 8, Lead Article of the Issue.
    - Enabling Third-Party Aggregation of Distributed Energy Resources, Migden-Ostrander, Shenot, Linvill, et al., August 2018. RAP report prepared for the Arkansas PSC.
    - Grid-connected distributed generation: compensation mechanism basics, Owen Zinaman, Carl Linvill, et al., NREL Report, October 2017.
    - Next Generation Performance Based Regulation: Emphasizing Utility Performance to Unleash Power Sector Innovation, Littell, Zinaman, and many RAP authors including Linvill. September 2017. NREL Report.
    - Use of Cost-Effectiveness Tests for Evaluation of Distributed Energy Resources: A Literature Review, December 2016, Shenot, Linvill and Brutkoski, submitted to the California Public Utilities Commission in Rulemaking 14-10-003.
    - Smart Gas Investment, Linvill, Public Utilities Fortnightly, July 2015.
    - Designing Distributed Generation in Mexico, Carl Linvill and Donna Brutkoski, NREL Technical Report, June 2015.
    - Power Systems of the Future, March 2015, Owen Zinaman, Carl Linvill, et al, Electricity Journal Volume 28, Issue 2.
    - Clean Keeps the Lights On, May 2014, Linvill, Hogan and Migden-Ostrander. RAP Report.
    - Designing Distributed Generation Tariffs Well, Linvill et al, November 2013. RAP Report.
    - Regulatory Considerations Associated with the Expanded Adoption of Distributed Solar, Lori Bird, Carl Linvill, et al, NREL Report, November 2013.

2016-2021, Member or Chair of the Western Energy Imbalance Market Governing Body, Folsom, CA

- Appointed by the Western EIM Nominating Committee to serve on the Governing Body at its founding in 2016 to serve a 2-year term. Re-appointed for a 3-year term in 2018. Chose not to seek re-appointment for a third term in 2021.

2006-2013, Director of Integrated Energy Analysis and Planning, Aspen Environmental Group, Agoura Hills, CA

- Directed the division, including research, project management, and business development responsibilities involving long term energy policy analysis, conventional and renewable energy supply alternatives planning, electricity demand forecasting, and energy efficiency and demand response planning and evaluation. Served as the co-coordinator of the Renewable Energy Transmission Initiative in California from 2010 to 2012.

2001-2003, 2006, Director, Nevada State Office of Energy, and Energy and Economic Advisor to the Governor

- Served as the Governor's advisor and his representative to the legislature in negotiating Nevada's Renewable Energy Portfolio Standard law; and played a key role in updating net metering rules, upgrading Performance Contracting statutes, implementing LEED certification for commercial buildings program, and creating Nevada's first strategic plan for implementing its renewable energy and energy efficiency policies. Served as Nevada's representative to the Western Interstate Energy Board, served on the Committee for Regional Electric Power Cooperation.

2003-2006, Commissioner, Public Utilities Commission of Nevada

- Implemented significant policies regarding renewable energy procurement and demand side management program development, helped to revise resource planning regulations to include incentive awards for renewable projects, helped establish best practice risk management practices at the utilities, and established best practice distributed generation interconnection rules and tariffs. Served on the Western Interstate Energy Board, the Committee for Regional Electric Power Cooperation, the Western Conference of Public Service Commissioners, and the NARUC Electricity Committee. Served as a Western Interconnection Representative to NERC's Stakeholder Advisory Committee.

1998-2001, Senior Economist and Acting Manager of Resource Planning Division, Public Utilities Commission of Nevada

- Performed research and testified on resource planning, demand forecasting, depreciation forecasting, physical plant mortality studies, generation divestiture assessments, and market monitoring issues.

1993-1998, Assistant Professor of Economics, University of Arkansas, Fayetteville, AR

- Published in Journal of Regulatory Economics, European Journal of Operational Research, Journal of Comparative Economics, the International Journal of Industrial Organization and the Journal of Productivity Analysis. Responsible for teaching masters and doctoral level microeconomic theory and game theory courses.

1984-1987, Associate Analyst, Capital and Capital Recovery Department of the Division of Revenue Requirements, Pacific, Gas and Electric Company, San Francisco, CA

- Performed plant mortality analysis, prepared depreciation testimony for the 1986 General Rate Case, won a superior performance award from the Revenue Requirements Division, prepared quantitative analysis of proposed alternative ratemaking approaches for Diablo Canyon.

Education

Ph.D., economics, University of North Carolina, Chapel Hill, 1993
B.A., mathematics and economics, University of California, Davis, 1984