Regular Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, June 9, 2022 at 5 p.m.
Via Video/Teleconference

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

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

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

Join meeting via Zoom:

a. **From a PC, Mac, iPad, iPhone, or Android device with high-speed internet. (If your device does not have audio, please also join by phone.)**
   https://us02web.zoom.us/j/83311541249
   Meeting ID: 833 1154 1249

b. **By phone**
   One tap mobile:
   +1-669-900-9128,, 83311541249# US
   +1-346-248-7799,, 83311541249# US

   Dial:
   +1-669-900-9128 US
   +1-346-248-7799 US
   Meeting ID: 833 1154 1249

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

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

<u>5:00 p.m. Call to Order</u>

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 <u>or</u> are listed on the Consent portion of the agenda. Public comments on matters <u>listed</u> 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. **Renew authorization of remote public meetings as authorized by Assembly Bill 361.**
4. **Approve May 12, 2022 Board meeting Minutes.**
5. **Receive 2022 Long Range Calendar.**
6. **Receive Financial Updates – April 30, 2022 (unaudited) financial statements.**
7. **Receive Legislative update.**
8. **Receive June 2, 2022 Regulatory update provided by Keyes & Fox.**
9. **Receive Community Advisory Committee May 26, 2022 meeting summary.**
10. **Approve Amendment 4 of Pacific Policy Group agreement to extend through December 31, 2022 and increase the not to exceed amount.**
11. **Approve Amendment 2 to Automate Mailing agreement to 18 months through December 31, 2023 and increase the not to exceed amount.**
12. **Receive report on resumption of Customer Opt-Out Fees.**
13. **Progress update on VCE 3-Year Programs Plan.**
14. **Approve updated VCE Legislative and Regulatory Policy and Procedure.**

REGULAR AGENDA

15. **Receive Net Energy Metering (NEM) 3.0 update. (Information)**
16. **Receive presentation on VCE Electricity Load and Financial Forecasting. (Information)**
17. **Receive report and provide feedback on updated draft Customer Rate/Product options. (Information/Discussion)**
18. **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.
19. **Adjournment:** The next regular meeting is scheduled for July 14, 2022 at 5 p.m. via video/teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS SPECIAL MEETING ON THURSDAY, JUNE 9, 2022 AT 5:00 P.M.:

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

<u>Public participation via e-mail:</u> If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at

Meetings@ValleyCleanEnergy.org. If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting.

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

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

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

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 3

TO: Board of Directors

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

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

DATE: June 9, 2022

Recommendation

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

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

Background/Summary of AB 361

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

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

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

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

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Approval of Minutes from May 12, 2022 meeting

DATE: June 9, 2022

RECOMMENDATION

Receive, review and approve the attached May 12, 2022 meeting Minutes.

VALLEY
CLEAN ENERGY

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE BOARD OF DIRECTORS REGULAR MEETING THURSDAY, MAY 12, 2022

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, May 12, 2022 at 5:00 p.m., to be held via Zoom webinar. Chair Jesse Loren established that there was a quorum present and began the meeting at 5:00 p.m.

Board Members Present:	Jesse Loren, Dan Carson, Wade Cowan, Don Saylor, Gary Sandy, Lucas Frerichs, Tania Garcia-Cadena (City of Woodland - Alternate Board Member arrived at 5:17 p.m.)
Members Absent:	Tom Stallard, Mayra Vega

Welcome	Chair Loren welcomed everyone. Motion passed by the following vote: AYES: Loren, Carson, Cowan, Saylor, Sandy, Frerichs NOES: None ABSENT: Stallard, Vega ABSTAIN: None
Public Comment – General and Consent	Board Clerk informed those present that there were no written public comments.
Approval of Consent Agenda / Resolution 2022-014	Motion made by Director Dan Carson to approve the consent agenda recognizing that Item 6 – March 2022 financials have been updated on page 4 of Attachment A – Financial Summary, seconded by Director Lucas Frerichs. Motion passed with Directors Tom Stallard and Mayra Vega absent. The following items were: 3. Authorized to continue remote public meetings as authorized by Assembly Bill 361; 4. Approved April 14, 2022 Board meeting Minutes; 5. 2022 Long Range Calendar; 6. Received March 31, 2022 (unaudited) financial statement with updated Attachment A – Financial Summary; 7. Received Legislative update provided by Pacific Policy Group; 8. Received May 5, 2022 Regulatory update provided by Keyes & Fox;

9. Received Community Advisory Committee April 28, 2022 meeting summary;
10. Received update on Customer Dividend and Programs Allocation; and,
11. Reaffirmed VCE's participation in California Community Power Tumbleweed Project via Resolution 2022-014.

As mentioned above, there were no verbal or written public comments.

Item 12: Receive update from Beth Vaughan of California Community Choice Association (CalCCA).	Executive Director Beth Vaughan of California Community Choice Association (CalCCA) provided an update of CalCCA's membership and growth, summary of departing load by Investor Owner Utility (IOS), regulatory and legislative advocacy engagement, changes in the CCA community, procurement, communications and membership, CCA customer programs, and upcoming CalCCA events. (5:17 p.m. City of Woodland Alternate Board Member Tania Garcia-Cadena arrived) Ms. Vaughan answered a few questions from the Board. <u>Verbal Public Comment:</u> Yvonne Hunter, Community Advisory Committee (CAC) Member, complimented CalCCA and staff for being well organized and active in the legislature. There were no written public comments.
Item 13: Legislative update from Mark Fenstermaker of Pacific Policy Group.	Mr. Sears provided a brief background on VCE's Legislative Platform, then he introduced Mark Fenstermaker of Pacific Policy Group, VCE's lobbyist consultant. Mr. Fenstermaker provided an overview and update on current key and tracked legislative bills; how the legislature has been operating during the Covid pandemic; the status of the Budget; and, what monies may be available for clean energy programs. The Board asked questions and a few bills and excess State budget monies were discussed in more detail. There were no verbal or written public comments.
Item 14: Consider approval of VCE's Electric Vehicle	VCE Staff Rebecca Boyles summarized the proposed Electric Vehicle (EV) rebates customer program and how this proposed program fits into the overall 3-Year Programs Plan and Strategic Plan. VCE Staff Sierra

rebates customer program.	Huffman reviewed background and context of this program, program design with a phased approach, and recommended an implementation plan. Ms. Boyles reviewed proposed budget, rebates, marketing, education, and advertising, with an outreach plan focusing on equitable access to the rebates for all customers. The Board asked a few questions, which were discussed. There were no verbal or written public comments. Motion made by Director Frerichs to approve Phase 1 of Valley Clean Energy's Electric Vehicle Rebate Pilot Program, seconded by Director Gary Sandy. Motion passed by the following vote: AYES: Loren, Carson, Cowan, Saylor, Sandy, Garcia-Cadena NOES: None ABSENT: Stallard, Vega ABSTAIN: None
Item 15: Consider appointment(s) to vacant At-Large seats on Community Advisory Committee.	Mr. Sears introduced this item and provided a brief overview of the recruitment/selection guidelines for At-Large seats. He reviewed the Board Chair and Vice Chairs recommendation to appoint two (2) of the four (4) candidates. **RECOMMENDATION** 1. Receive the Board Chair and Vice Chair recommendations to the full Board for appointments to the two vacant Community Advisory Committee At-Large seats. 2. Consider Appointment(s) to vacant At-Large seats on Community Advisory Committee. Motion made by Director Dan Carson to receive the Board Chair and Vice Chair recommendations to appoint Kristin Jacobs (Agricultural/Customer service) and Keith Taylor (Energy Sector Research) to the two (2) vacant At-Large seats on the Community Advisory Committee in the 3rd Class with a term that expires in June 2024, seconded by Director Gary Sandy. Motion passed by the following vote: AYES: Loren, Carson, Cowan, Saylor, Sandy, Garcia-Cadena NOES: None ABSENT: Stallard, Vega ABSTAIN: None

Item 16: Board Member and Staff Announcements	There were no Director announcements. Mr. Sears informed those present that the Net Energy Metering (NEM) 3.0 proceeding at the California Public Utilities Commission (CPUC) has come back to life with comments due June 10th. The CPUC has questions and is asking parties in the proceeding to provide answers. VCE is continuing to monitor the proceeding. Mr. Sears provided a brief update on The Department of Commerce circumvention case, which may affect VCE's larger project (Resurgence) located in San Bernardino County. Staff are tracking carefully and are in communications with the developer. Mr. Sears reported that the Honey Festival was well attended, lots of activity, and appreciates the CAC members who volunteered for this event. Chair Loren announced that the Board's next regular meeting is scheduled for Thursday, June 9, 2022 at 5 p.m.
Adjournment	Chair Loren adjourned the regular Board meeting at 6:36 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

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

DATE: June 9, 2022

Recommendation

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

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

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

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

		• Draft Rate Structure • Quarterly Customer Enrollment Update	• Discussion/Action • Information
July 28, 2022	**Advisory Committee**	• Power Procurement / Renewable Portfolio Standard update • Quarterly Customer Enrollment Update	• Information • Information
~~August 11, 2022~~ *NO MEETING IN AUGUST*	**Board**		
August 25, 2022	**Advisory Committee**	• 2022 Operating Budget / Renewable Portfolio Standard update • Mid-year rate update	• Information • Information/Discussion
September 8, 2022	**Board**	• 2022 Operating Budget / Renewable Portfolio Standard update • Certification of Standard and UltraGreen Products (Annual) • Enterprise Risk Management Report (Bi-Annual) • Mid-year 2022 rates review	• Information • Action • Information • Information/Discussion
September 22, 2022	**Advisory Committee**	• Legislative End of Session Update • 2023 Draft Operating Budget • Mid-year 2022 rates review	• Information • Information • Information
October 13, 2022	**Board**	• Update on SACOG Grant – Electrify Yolo • Update on 2023 draft Operating Budget • Quarterly Customer Enrollment Update	• Information • Information • Information
October 27, 2022	**Advisory Committee**	• Update on Power Content Label Customer Mailer • Review Draft CAC Evaluation of Calendar Year End (Annual) • Review 2023 customer rate study/information • Quarterly Customer Enrollment Update	• Information • Information/Discussion • Information/Discussion • Information
November 10, 2022	**Board**	• Certification of Power Content Label (Annual) • Preliminary 2023 customer rate options • Preliminary 2023 Operating Budget (Annual)	• Action • Information/Discussion • Information

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

Notes:
1. CalCCA Annual Meeting typically scheduled in November.
2. Currently all meetings are held remotely via Zoom video/teleconference, “location” is subject to change.

CAC *PROPOSED* FUTURE TOPICS **Topics and Discussion dates may change as needed**	**ESTIMATED MEETING DATE(S)**
Net Energy Metering (NEM) 3.0 (Information/Discussion/Action)	As needed
Carbon Neutral by 2030 (types of energy, where procured, BTM, FOM, policy) (Discussion/Action)	2022 Quarter 3

Integrated Resource Plan / Public Workshop (IRP – update due 11/1/2022) (Discussion/Action)	August/September 2022
Self Generation Incentive Program (SGIP)	TBD
CAC Charge revision (as needed)	
Legislative Items (as needed)	
Strategic Plan additional updates (as needed)	
Time of Use (TOU) (as needed)	
SACOG Update (as needed)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Board of Directors

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

SUBJECT: Financial Update – April 30, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2022

DATE: June 9, 2022

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of April 1, 2022 to April 30, 2022 (with comparative year to date information) and Actual vs. Budget year to date ending April 30, 2022.

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

The Financial Statements include the following reports:

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

In addition, Staff is reporting the Actual vs. Budget variances year to date ending April 30, 2022.

Financial Statements for the period April 1, 2022 – April 30, 2022
In the Statement of Net Position, VCEA, as of April 30, 2021, has a total of $5,296,074 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account, $1,998,276 restricted assets related to supplier deposits, and $1,041 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of April 30, 2021, $62,246 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 $1,054,195. The line of credit with the County of Yolo has an outstanding balance of $3,000,000. On April 30, 2022, VCE's net position is $8,388,870.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded $6,729,101 of revenue (net of allowance for doubtful accounts), of which $ 5,340,067 was billed in April, and $2,813,755 represent estimated unbilled revenue. The cost of the electricity for the April revenue totaled $3,894,811. For April, VCEA's gross margin was approximate 42% and net income totaled $2,445,024. The year-to-date change in net position was ($1,551,433).

In the Statement of Cash Flows, VCEA cash flows from operations were ($94,005) due to April cash receipts of revenues being less than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending April 30, 2022
Below are the financial statement line items with variances >$50,000 and 5%

- Electric Revenue - $803,417 and 5% – favorable variance due to the weather has been warmer than forecast during the winter months and rate and PCIA impacts.
- Purchased Power – ($1,221,308) and -8% – favorable variance is due to load being more favorable than planned, weather has been warmer than forecast, and lower power market prices during winter months.
- Banking Fees – ($58,812) and -754% – unfavorable related to the upfront banking fees for the executed 2 year agreement line of credit with River City Bank.

Attachments:
1) Financial Statements (Unaudited) April 1, 2022 to April 30, 2022 (with comparative year to date information.)
2) Actual vs. Budget for the year to date ending April 30, 2022

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022

PREPARED ON JUNE 1, 2022

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
APRIL 30, 2022
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,296,074
Accounts receivable, net of allowance		8,002,312
Accrued revenue		2,813,755
Prepaid expenses		29,717
Other current assets and deposits		1,998,276
Total current assets		18,140,134
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		1,041
Total restricted assets		1,101,041
TOTAL ASSETS	$	19,241,175
LIABILITIES		
Current liabilities:		
Accounts payable	$	425,663
Accrued payroll		63,828
Interest payable		2,356
Due to member agencies		62,646
Accrued cost of electricity		4,131,535
Other accrued liabilities		6,346
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		125,736
Limited Term Loan		1,054,195
Loan - County of Yolo		3,000,000
Total current liabilities		10,852,305
Total noncurrent liabilities		-
TOTAL LIABILITIES	$	10,852,305
NET POSITION		
Restricted		
Local Programs Reserve		224,500
Restricted		1,101,041
Unrestricted		7,063,329
TOTAL NET POSITION	$	8,388,870

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF APRIL 1, 2022 TO APRIL 30, 2022
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2022	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 6,729,101	$ 16,643,416
TOTAL OPERATING REVENUES	6,729,101	16,643,416
OPERATING EXPENSES		
Cost of electricity	3,900,849	16,735,230
Contract services	188,318	783,169
Staff compensation	121,423	415,206
General, administration, and other	71,318	252,383
TOTAL OPERATING EXPENSES	4,281,908	18,185,988
TOTAL OPERATING INCOME (LOSS)	2,447,193	(1,542,572)
NONOPERATING REVENUES (EXPENSES)		
Other Revenue		
Interest income	1,047	4,250
Interest and related expenses	(3,216)	(13,111)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,169)	(8,861)
CHANGE IN NET POSITION	2,445,024	(1,551,433)
Net position at beginning of period	5,943,846	9,749,097
Net position at end of period	$ 8,388,870	$ 8,197,664

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2022	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 3,546,169	$ 14,910,660
Payments to purchase electricity	(3,274,410)	(17,851,669)
Payments for contract services, general, and adminstration	(247,656)	(689,634)
Payments for staff compensation	(124,146)	(291,141)
Net cash provided (used) by operating activities	(100,043)	(3,921,784)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,944)	2,901,169
Interest and related expenses	(3,342)	(13,541)
Net cash provided (used) by non-capital financing activities	(36,286)	2,887,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,047	4,250
Net cash provided (used) by investing activities	1,047	4,250
NET CHANGE IN CASH AND CASH EQUIVALENTS	(135,282)	(1,154,052)
Cash and cash equivalents at beginning of period	6,532,397	6,532,397
Cash and cash equivalents at end of period	$ 6,397,115	$ 6,088,653
Cash and cash equivalents included in:		
Cash and cash equivalents	5,296,074	5,296,074
Restricted assets	1,101,041	1,101,041
Cash and cash equivalents at end of period	$ 6,397,115	$ 6,397,115

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF APRIL 1 TO APRIL 30, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING APRIL 30, 2022	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 2,447,193	$ (1,613,890)
(Increase) decrease in net accounts receivable	(1,723,072.00)	(694,467.41)
(Increase) decrease in accrued revenue	(1,475,666)	(1,045,561.74)
(Increase) decrease in prepaid expenses	(18,799)	855,513.00
Increase (decrease) in accounts payable	18,966	(19,079.00)
Increase (decrease) in accrued payroll	(2,723)	(81.00)
Increase (decrease) in due to member agencies	1,385	(55,299.00)
Increase (decrease) in accrued cost of electricity	626,439	(1,200,634.00)
Increase (decrease) in other accrued liabilities	10,428	(279,404.00)
Increase (decrease) in user taxes and energy surcharges	15,806	6,973.10
Net cash provided (used) by operating activities	$ (100,043)	$ (4,045,930)

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 04/30/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	$ 16,643,417	$ 15,840,000	$ 803,417	5%
Interest Revenues	$ 4,575	$ 6,000	$ (1,425)	-24%
Purchased Power	$ 16,735,230	$ 17,950,500	$ (1,221,308)	-7%
Purchased Power Base	$ 16,729,192	$ 16,248,000	$ 481,192	3%
Purchased Power Contingency 2%	$ -	$ 1,702,500	$ (1,702,500)	-100%
Labor & Benefits	$ 416,202	$ 437,600	$ (21,398)	-5%
Salaries & Wages/Benefits	$ 343,001	$ 363,200	$ (20,199)	-6%
Contract Labor (SMUD Staff Aug)	$ -	$ 17,600	$ (17,600)	-100%
Human Resources & Payroll	$ 73,201	$ 56,800	$ 16,401	29%
Office Supplies & Other Expenses	$ 82,862	$ 65,600	$ 17,262	26%
Technology Costs	$ 13,917	$ 11,600	$ 2,317	20%
Office Supplies	$ 4,595	$ 800	$ 3,795	474%
Travel	$ -	$ 2,000	$ (2,000)	-100%
CalCCA Dues	$ 36,460	$ 42,400	$ (5,940)	-14%
CC Power	$ 26,891	$ 8,000	$ 18,891	236%
Memberships	$ 1,000	$ 800	$ 200	25%
Contractual Services	$ 739,732	$ 834,600	$ (94,868)	-11%
Other Contract Services	$ -	$ 8,400	$ (8,400)	-100%
Don Dame	$ 2,076	$ 3,200	$ (1,124)	-35%
SMUD - Credit Support	$ 144,382	$ 169,900	$ (25,518)	-15%
SMUD - Wholesale Energy Services	$ 195,948	$ 195,200	$ 748	0%
SMUD - Call Center	$ 262,312	$ 263,500	$ (1,188)	0%
SMUD - Operating Services	$ 5,181	$ 20,000	$ (14,819)	-74%
Commercial Legal Support	$ -	$ -	$ -	100%
Legal General Counsel	$ 38,464	$ 51,600	$ (13,136)	-25%
Regulatory Counsel	$ 25,880	$ 66,400	$ (40,520)	-61%
Joint CCA Regulatory counsel	$ 192	$ 10,800	$ (10,608)	-98%
Legislative - (Lobbyist)	$ 20,000	$ 20,000	$ -	0%
Accounting Services	$ 4,336	$ 8,800	$ (4,464)	-51%
Financial Consultant	$ -	$ 8,400	$ (8,400)	-100%
Audit Fees	$ 40,960	$ 8,400	$ 32,560	388%
Marketing	$ 49,834	$ 82,000	$ (32,166)	-39%
Marketing Collateral	$ 49,834	$ 80,000	$ (30,166)	-38%
Community Engagement Activities & Sponsorships	$ -	$ 2,000	$ (2,000)	-100%
Programs	$ 65,390	$ 58,000	$ 7,390	13%
Program Costs	$ 65,390	$ 58,000	$ 7,390	13%
Rents & Leases	$ 9,600	$ 7,200	$ 2,400	33%
Hunt Boyer Mansion	$ 9,600	$ 7,200	$ 2,400	33%
Other A&G	$ 158,727	$ 119,400	$ 39,327	33%
Development - New Members	$ -	$ 8,400	$ (8,400)	-100%
Strategic Plan Implementation	$ (90)	$ 8,400	$ (8,490)	-101%
PG&E Data Fees	$ 87,165	$ 92,000	$ (4,835)	-5%
Insurance	$ 5,040	$ 2,800	$ 2,240	80%
Banking Fees	$ 66,612	$ 7,800	$ 58,812	754%
Miscellaneous Operating Expenses	$ 51	$ 600	$ 600	100%
Contingency	$ -	$ 20,000	$ 20,000	100%
TOTAL OPERATING EXPENSES	$ 18,257,629	$ 19,575,500	$ (1,282,760)	-7%
Interest on RCB loan	$ 13,111	$ 12,600	$ 511	4%
Interest Expense - Bridge Loan	$ -	$ 10,400	$ (10,400)	-100%
NET INCOME	$ (1,622,748)	$ (3,752,500)	$ 2,094,641	-56%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: June 9, 2022

Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continues to meet and discuss legislative matters. Below is a summary:

Well, that was fun. What a month! Governor Newsom's May Revision produced a budget containing a $49 billion budget surplus with an $8 billion proposal for energy reliability programs. The Legislature cleared two significant deadlines with first house Appropriations and Floor votes taking place with a significant win for CCAs in the form of SB 881 (Min) dying in Appropriations. Yet, those stories pale in comparison to the drama that unfolded at the end of the month surrounding a seemingly hostile move by Assemblymember Robert Rivas (Hollister) to be the next Speaker of the Assembly.

On the Friday going into the Memorial Day weekend, Rivas publicly stated he hasd the votes to assume the speakership and oust current Assembly Speaker Anthony Rendon (Lakewood). Three days and a six-hour caucus meeting later and Rendon acknowledged that Rivas does indeed have the votes, but Rendon remains Speaker. No vote was taken to officially recognize Rivas as the new Speaker and no official transition details have been announced. All that can be said is that Rendon will remain Speaker through the end of the session and then a vote will occur in December, but if Rivas will have votes in December is uncertain as at least 15 new assemblymembers will be seated before then.

Enough of the palace intrigue. As mentioned above, Governor Newsom unveiled his May Revision to the 2022-23 budget and one of the biggest proposals is to allocate more than $8 billion to increase electricity reliability. The California Energy Commission (CEC) has identified a 1700MW shortfall in procurement based on its previous projections compared to actual load for the summer of 2022. Compounding this shortfall are supply chain delays and a Department of Commerce investigation into solar panels potentially originating in China but being imported from countries in Southeast Asia to avoid tariffs. In addition, the California Public Utilities Commission and CEC are warning what may happen if the West experiences another heat dome or wildfires take out key transmission lines, as has happened in recent summers. Adding all of these factors together and there is a projected shortfall of 5000-6000MWs. The bulk of the proposal would appropriate over $4 billion to DWR to procure additional resources for use in emergencies. The majority of those resources would be fossil-based generators as well as the potential to extend once-through cooling powerplants and even the nuclear energy Diablo Canyon Power Plant. Another component of this package is a proposal to eliminate the $10 cap on fixed charges, which would provide the CPUC with the ability to move a number of rate-based programs out of volumetric rates and into a fixed charge basis. While the Legislature is required to pass a budget by June 15, it is anticipated that the electricity package will be decided later in the session.

Lastly, as to legislation, two efforts that VCE is engaging went in different directions. SB 881 (Min) a bill opposed by VCE, CalCCA, and many other CCAs was held by the Senate Appropriations Committee on what is known as the Suspense File. Bills held on Suspense are dead for the remainder of the session and CCAs should be happy with this outcome. Despite multiple attempts to work out amendments on SB 881, the author and sponsor were unwilling to negotiate. Thus, having the bill held on Suspense was the best outcome. Conversely, SB 1020 (Laird & Atkins) easily passed the Senate, which comes as no surprise as Senate leadership has publicly stated the bill is a priority for the caucus. Staff continues to deliberate the merits of the bill and the potential to take a position.

VCE's current legislative efforts have focused on the following bills:

1. SB 881 (Min) Integrated Resource Plans
<u>Summary</u>: Requires load-serving entities to procure, in combination with other LSEs, to achieve a diverse, balanced, and reliable portfolio that realizes the GHG emission reductions set by the CA Air Resources Board's scoping plan process. This procurement is to be planned out through the IRP, meaning that each LSE is to make procurement decisions based on the IRP approved b by the CPUC. The bill authorizes the CPUC to assess penalties or require additional procurement of an LSE who fails to meet its procurement obligations in its IRP. The additional procurement may be undertaken by an IOU with costs associated to the deficient LSE.

SB 881 poses a number of challenges for VCE and other CCAs in that it transforms the IRP from a process of envisioning what may be possible to a plan that must be followed. Moreover, the plan that is to be followed is to achieve an undefined GHG emission reduction goal on an undefined timetable. Lastly, the providing the CPUC with authorization to order procurement be undertaken by VCE or procurement undertaken by PG&E to be paid by VCE customers cuts against one of the foundational tenets of CCAs, procurement autonomy.

CalCCA has engaged in a series of negotiations with the author and his staff, as well as the sponsor of the bill (Union of Concerned Scientists) to no avail. CalCCA has provided amendments that would satisfy CCA concerns but those proposed amendments have been rejected.

CalCCA took an oppose unless amended position, as did VCE and other CCAs, when the bill was heard in Senate Energy, Utilities, & Commerce Committee. Many committee members, including Senator Dodd, voiced their concerns with the bill and while they voted to allow it to pass the committee did comment that they may not vote for the bill again when it is presented on the Senate Floor.

Opposing SB 881 is consistent with Provision 1a of the VCE Legislative Platform to oppose legislation that limits local the local decision-making authority of CCAs.

Additional Information

- Next Hearing: The bill was held in Senate Appropriations and is now dead.
- VCE has taken an Oppose Unless Amended position consistent with CalCCA's position
- Bill language: SB 881

2. SB 1020 (Laird & Atkins) Clean Energy, Jobs, and Affordability Act of 2022

Summary: SB 1020 would require load-serving entities to procure a minimum of carbon-free energy resources to reach goals of 90% carbon-free by 2035 and 95% by 2040. In addition, all state agencies shall be served by 100% carbon free energy by 2030.

SB 1020 also proposes to create a new Climate and Equity Trust to be administered by the California Affordable Decarbonization Authority (Authority). The newly created Trust would be eligible to receive funds from multiple sources, including the state's General Fund, the Greenhouse Gas Reduction Fund, CPUC, CEC, or CARB assessed penalties, and federal funding. The newly created Authority would distribute funding pursuant to Authority created plans approved by the CPUC to IOUs, CCAs, and end-use customers of retail sellers (a similar construct is proposed for funding to POUs with oversight provided by the CEC). Funding can be used to provide direct credits on ratepayer bills, direct rebates or incentives, or reimbursement of eligible costs. Eligible costs would cover those activities currently funded by rates, including but not limited to, transportation electrification programs and incentives, building electrification, energy efficiency, wildfire mitigation activities, distributed energy resource incentives, and more.

SB 1020 will push California to decarbonize the electricity sector faster than currently required by statute under SB 100. Further, it requires the state to lead by fully decarbonizing its energy use by 2030. Most importantly, SB 1020 has the potential to use tax dollars and other funding besides rate funding to pay for decarbonization efforts that are currently funded by electric rates. There are questions regarding how SB 1020 will be implemented and work in practice and the bill is sure to be amended going forward, but the intent is worthy.

This bill has been deemed a priority by Senate leadership and is a product of the Senate's Climate Working Group.

SB 1020 relates to Provision 10 of the VCE Legislative Platform relating to supporting legislation that enhances opportunities for CCAs to promote Local Economic Development and

Environment Objectives as well as Provision 8a regarding renewable energy generation resources.

Additional Information

- Next Hearing: The bill passed the Senate and is awaiting referral to the Assembly Utilities & Energy Committee
- VCE has not taken position. CalCCA has not taken a position. Other CCAs have taken a Support if Amended position.
- Bill language: SB 1020

3. AB 1814 (Grayson) Transportation Electrification Funds: Community Choice Aggregators

Summary: AB 1814 would authorize Community Choice Aggregators (CCAs) to submit applications to the California Public Utilities Commission (CPUC) to receive funding to administer transportation electrification programs in their service areas.

Specifically, this bill would explicitly authorize CCAs to file applications for programs and investments to accelerate widespread transportation electrification. In order to submit these applications, CCAs would be regulated to meet all of the same requirements that IOUs are currently required to meet.

This is CalCCA's sponsored bill for the 2022 legislative session. The bill is consistent with the VCE Legislative Platform, specifically Provision 10 regarding Local Economic Development and Environmental Objectives.

Facing opposition from the California Coalition of Utility Employees and all three investor-owned utilities,he author pulled the bill before its scheduled hearing in Assembly Utilities & Energy and was never rescheduled. AB 1814 is now dead for the 2022 session

Additional Information:

- This bill is sponsored by CalCCA
- VCE has submitted a support position
- Next Hearing; None
- Bill language: AB 1814

4. 1287 (Bradford) CCA and ESP Financial Security Requirements

Summary: This bill would require the posted bond amount, or demonstrated insurance amount, at the time of registration by an electric service provider or a community choice aggregator to be no less than $500,000. The bill would also require the commission to update the financial security requirements for electric service providers and community choice aggregators to instead include costs for no less than 12 months of incremental procurement incurred by the provider of last resort, upon the customers' involuntary return.

Specifically, the bill will:

1) Amend current law that requires a CCA or ESP to post a bond or demonstrate insurance sufficient to cover the reentry fees of customers who are involuntarily returned to an investor-owned utility to instead require a minimum bond or insurance in the amount of $500,000.

2) In calculating the insurance or bonding requirement, the PUC shall include costs for no less than 12 months of incremental procurement incurred by the provider of last resort.

SB 1287 will significantly increase the amount of insurance that VCE will need to hold to cover the unlikely event that VCE folds and its customers are involuntarily returned to PG&E. The $500,000 minimum figure and the requirement that the insurance amount include incremental procurement made by the IOU does not factor in already contracted energy for VCE's customers. In addition, calculating the incremental procurement will be incredibly complex and challenging and will contribute to additional unnecessary cost to VCE, similar to PCIA. Lastly, this requirement will create another obstacle for communities who wish to go CCA and will all but kill any new CCAs from forming.

The bill was referred to the Senate Energy, Utilities & Communications Committee but was never heard by the committee. Accordingly, SB 1287 is dead for the remainder of the 2022 legislative session.

Additional Information

- Next hearing: None.
- The VCE Board approved an "oppose" position and staff is working on letter to register this position with the committee.
- Bill language: SB 1287

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: June 9, 2022

Please find attached Keyes & Fox's May 2022 Regulatory Memorandum dated June 2, 2022, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated June 2, 2022.

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:	Regulatory Update
Date:	June 2, 2022

Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE's Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC). A **Glossary of Acronyms** used is provided at the end of this memo.

In summary, this month's report includes regulatory updates on the following priority issues:

- **Ensuring Summer 2021 Reliability:** On May 19, the Pilot Partners and CalAdvocates filed Comments on a Proposed Decision to increase ratepayer funding for VCE's agricultural irrigation pumping dynamic rates pilot (Pilot) to cover VCE's administrative expenses. On May 24, the Pilot Partners replied to CalAdvocates' opening comments. The Proposed Decision is scheduled for Commission vote on June 2.

- **IRP Rulemaking:** VCE's updated load forecast was filed on May 16. On May 23, the CPUC issued D.22-05-015 on the Modified Cost Allocation Mechanism, establishing the methods for recovery and allocation of costs associated with Commission-ordered backstop procurement undertaken on behalf of a deficient LSE.

- **RPS Rulemaking:** On May 19, the Commission issued a draft Resolution approving the voluntary allocation pro forma contracts of the three IOUs, incorporating most of the changes requested by CalCCA. On May 20, the CPUC issued an updated procedural schedule for RPS Procurement Plans concurrently with a Proposed Decision on Rules for Portfolio Content Category (PCC) Classification for Voluntary Allocations of RPS Resources. On May 23, PG&E submitted a supplemental Tier 2 Advice Letter modifying terms in their Market Offer pro forma contract in response to protests submitted, in part, by CalCCA.

- **PCIA Rulemaking:** On May 16, the ALJ issued a procedural email modifying the schedule for Market Price Benchmark proposals.

- **PG&E Phase 1 GRC:** On May 19, the CPUC issued a PD that would establish the effective date of PG&E's 2023 test year revenue requirement as January 1, 2023.

- **RA Rulemaking (2023-2024):** On May 17, the CAISO filed its Final 2023 Flexible Capacity Report. On May 20, the CPUC issued a Proposed Decision on local capacity obligations for 2023-2025, flexible capacity obligations for 2023, and refinements to the resource adequacy framework.

- **PG&E Regionalization Plan:** On May 9, VCE filed comments on the Proposed Decision that would approve the multi-party settlement agreement (MPSA) regarding PG&E's regionalization proposal with few changes. The Proposed Decision is on the agenda for the June 2 Commission meeting.

- **Provider of Last Resort Rulemaking:** On May 10, PG&E submitted AL 6589-E with calculated financial security requirements for CCAs. The procedural schedule was modified by a May 24 Ruling that granted an extension of time for filing Opening Comments until July 5.

- NEW **PG&E 2023 ERRA Forecast:** On May 31, PG&E submitted its 2023 ERRA Forecast.

- **PG&E 2021 ERRA Compliance:** No updates this month.

- **PG&E Phase 2 GRC:** No updates this month.

- **PG&E 2019 ERRA Compliance:** No updates this month.

- **Utility Safety Culture Assessments:** No updates this month.

- **2022-2023 Wildfire Fund Nonbypassable Charge Rulemaking:** No updates this month.

- **Investigation into PG&E's Organization, Culture and Governance:** No updates this month.

- **Direct Access Rulemaking:** No updates this month.

Ensuring Summer 2021 Reliability

On May 19, the Pilot Partners and CalAdvocates filed Comments on a Proposed Decision to increase ratepayer funding for VCE's agricultural irrigation pumping dynamic rates pilot (Pilot) to cover VCE's administrative expenses. On May 24, the Pilot Partners replied to CalAdvocates' opening comments. The Proposed Decision is scheduled for Commission vote on June 2.

Background: CAISO experienced rolling blackouts (Stage 3 Emergency) on August 14, 2020, and August 15, 2020, when a heatwave struck the Western U.S. and there was insufficient available supply to meet high demand. The OIR was issued to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021.

D.21-03-056 instituted modifications to the planning reserve margin (PRM), effectively increasing the PRM beginning summer 2021 from 15% to 17.5%. For 2021, this results in a minimum target of incremental procurement of 450 MW for PG&E, 450 MW for SCE, and 100 MW for SDG&E. The net costs associated with this incremental procurement would be shared by all customers (including CCA customers) in each IOU's service territory. It also authorized the IOUs to implement a Flex Alert paid media campaign program to encourage ratepayers to voluntarily reduce demand during moments of a stressed grid, adopts modifications and expansions to the Critical Peak Pricing (CPP) program, and established an emergency load reduction program.

D.21-12-015 approved VCE's agricultural irrigation pumping dynamic rate Pilot for three years (2022-2024) and directed that it start no later than May 1. VCE's Pilot will test whether agricultural irrigation pumping customers, which consume on average 18% of VCE's total annual load, can shift load to more optimal times of the day, thereby saving money, reducing the burden to the grid and reducing GHG impacts. Customers participating in VCE's Pilot will receive a "shadow bill." PG&E will continue to bill participating customers based on existing tariffs, but the shadow bill will show the customer savings under the Pilot dynamic rate, and VCE will pay customers for the difference between the shadow bill and the customer's usage under the otherwise applicable tariff. The Pilot scale will be limited to 5 MW of peak load. PG&E will provide funds to or reimburse VCE for crediting any savings realized by the customers with respect to the delivery component of the VCE dynamic rate Pilot in the customers' shadow bills. D.21-12-015 authorized new funding of $3.25 million for the pumping automation technology, pricing platform and vendor fees and PG&E's administration of the three-year Pilot.

On January 5, VCE submitted Advice Letter 11-E in accordance with D.21-12-015. Advice Letter 11-E was approved by the Energy Division via nonstandard disposition mailed April 11.

On January 31, VCE, TeMix Inc., and Polaris Energy Services (collectively, the Pilot Partners) filed a Petition for Modification (PFM) of D.21-12-015 to increase the budget for this Pilot to cover VCE's administrative costs.

On February 4, PG&E submitted Advice Letter 6495-E, which the Pilot Partners Protested on February 24. PG&E filed Supplemental Advice Letter 6495-E-A on April 7, 2022. The Energy Division approved PG&E's advice letters via nonstandard disposition letter issued April 26.

D.21-12-015 also created an additional procurement mandate of 2,000 MW-3,000 MW for 2023, allocated exclusively to the three large IOUs (900 MW-1,350 MW each for PG&E and SCE, and 200 MW-300 MW for SDG&E). It required all incremental resources procured as a result of this proceeding to be available during the net peak. It adopted numerous additional demand-side and supply-side changes aimed at ensuring sufficient resource availability to meet the summer net peak load.

Details: The Proposed Decision would grant the Pilot Partners' request for an increase to the Pilot budget to cover VCE's administrative expenses for the Pilot in the amount of $690,000. The Proposed Decision denies the other requests in the Pilot Partners' PFM as these have been addressed via the advice letter dispositions. On May 3, the CPUC denied the Pilot Partners' January 31 Motion to Shorten Time for opening comments on the Proposed Decision.

On May 24, the Pilot Partners filed reply comments supporting the need for an increase to ratepayer funding for the Pilot budget disputing several claims made in opening comments on the PD filed by CalAdvocates.

Analysis: After a conflicted and procedurally complex set of interactions with PG&E regarding the Pilot, most of VCE's concerns have been resolved via the Energy Division's Advice Letter dispositions. If approved, the Proposed Decision will enable VCE to be reimbursed through distribution funds for its administrative expenses in running the Pilot.

Next Steps: The Proposed Decision may be heard by the Commission no earlier than June 2.

Additional Information: Ruling denying Pilot Partners Motion to shorten time (May 3, 2022); Proposed Decision on PFM (April 29, 2022); Energy Division's Non-Standard Disposition Letter approving PG&E AL 6495-E and PG&E AL 6495-E-A (April 27, 2002); PG&E AL 6495-E-A (April 7, 2022); Energy Division's Non-Standard Disposition Letter approving VCE AL 11-E (April 11, 2022); PG&E AL 6495-E (February 4, 2022) and Substitute Sheets for AL 6495-E (March 29, 2022); VCE, TeMix and Polaris Petition for Modification (January 31, 2022); Motion to Shorten Time (January 31, 2022); VCE AL 11-E on Ag Pumping Pilot (January 2, 2022); D.21-12-069 correcting errors in D.21-12-014 (December 27, 2021); D.21-12-015 (December 6, 2021); D.21-02-028 directing IOUs to seek additional capacity for summer 2021 (February 17, 2021); Scoping Memo and Ruling (December 21, 2020); Order Instituting Rulemaking (November 20, 2020); Docket No. R.20-11-003.

IRP Rulemaking

VCE's updated load forecast was filed on May 16. On May 23, the CPUC issued D.22-05-015 on the Modified Cost Allocation Mechanism, establishing the methods for recovery and allocation of costs associated with Commission-ordered backstop procurement undertaken on behalf of a deficient LSE.

Background: D.20-12-044 established a backstop procurement process that would apply to LSEs that did not opt-out of self-procuring their capacity obligations under D.19-11-016. It requires LSEs to file bi-annual (due February 1 and August 1) updates on their procurement progress relative to the contractual and procurement milestones defined in the decision.

D.21-06-035 established a new procurement mandate of 11,500 MW of additional zero-emitting or RPS-eligible net qualifying capacity to be procured by 2026 by LSEs through long-term (10 or more years) contracts. **VCE's incremental obligations, identified in Table 6, are 8 MW by 2023, 23 MW by 2024, 6 MW by 2025, 4 MW of long-duration storage and 4 MW of zero-emitting resources by 2026**. In addition, 10 MW out of its 2023-2025 procurement requirements must be met through zero-emitting generating capacity that is available from 5-10pm daily.

While each LSE is responsible for meeting procurement obligations to serve its own customers, D.19-11-016 directed IOU procurement on behalf of LSEs that either a) opt out of self-procurement or b) failed to acquire their share of required capacity after electing to do so, i.e. deficient LSEs. Similarly, D.21-06-035, while not allowing for LSEs to opt out of self-procurement, directed the IOUs to procure capacity on behalf of LSEs that failed to deliver their share of required energy or capacity, called backstop procurement.

D.22-02-004 adopted a 2021 Preferred System Plan (PSP) and certified VCE's 2020 IRP. VCE's next IRP is due November 1.

2022 IRP Process (April 20 Ruling)

The April 20 Ruling established a process for LSEs to update their load forecasts in preparation for developing final load forecasts and greenhouse gas emissions benchmarks for LSEs' 2022 IRPs. VCE's updated load forecast was filed on May 16.

The Commission and CEC staff will compile load forecast filings and calculate final load forecasts for use by each LSE in 2022 IRPs. The final forecasts will be issued in a June 15 ruling, with peak demand forecasts confidentially distributed to each LSE on July 1.

The final load forecasts will also be used to determine each LSE's GHG benchmark for both the 30 million metric ton (MMT) and the 25 MMT 2035 target scenarios. LSEs are required to include a plan to achieve their GHG benchmark in their individual IRP filing. GHG benchmark targets for each LSE will be issued in a ruling on June 15. VCE's current benchmarks for 2035 are based on a projected 825 GWh (1.0% of PG&E area) and is 0.086 MMT of GHG emissions under the 30 MMT scenario and 0.069 MMT of GHG emissions under the 25 MMT scenario.

Details: D.22-05-015 adopted Modified Cost Allocation Mechanism (MCAM) principles and methodologies that only apply to any future backstop procurement authorized in the IRP process, but not other cost allocation situations such as those related to a central procurement entity. IOUs must file Tier 2 advice letters on MCAM implementation by July 18. The MCAM is based on the original Cost Allocation Mechanism (CAM) adopted in D.06-07-029 but applies specifically to opt-out and backstop procurement conducted by IOUs on behalf of LSEs. It provides a mechanism for recovery of the net costs of electric resource procurement obligations mandated in D.19-11-016 (3,300 MW) and D.21-06-035 (11,500 MW) through nonbypassable charges (NBCs) levied against customers of non-utility LSEs.

As a starting point, the MCAM adjusts the traditional CAM to account for the fact that procurement costs will only be recovered from opt-out LSE customers and customers of deficient LSEs, rather than all customers in an IOU's service territory. When LSEs fail to procure the necessary capacity, the Commission orders backstop procurement to be undertaken by an IOU on the LSE's behalf, in accordance with the procedures in D.20-12-044. Such procurement presents both an urgency and a potential system reliability deficit and will likely be more costly than procurement undertaken earlier in the process. Backstop procurement costs are charged directly to customers of the deficient LSE, as a separate line item on the bill. Administrative costs are charged over a 10-year period and contract costs are charged over the life of the contract (generally 10 or more years), and Commission staff will allocate the resource adequacy (RA) value of backstop procurement annually to the LSE over the life of the contract(s), but backstop procurement does not convey any RPS attributes associated with the procured resources, although LSEs may obtain those RPS attributes through voluntary allocation.

Billing and Rate Design

The IOUs and other parties advocated for recovery of MCAM-related costs (i.e., opt-out and backstop procurement costs) through an NBC billed directly to the customers of LSEs who opted out of procurement or on whose behalf an IOU conducted backstop procurement. The other approach, advocated for by CalCCA and other parties, was for the IOU to directly bill the LSE for the costs of opt out or backstop procurement the IOU undertook on its behalf.

The CPUC was supportive of IOUs directly billing the LSE for the costs of opt-out or backstop procurement, and described it as "preferable, on a policy basis." However, the CPUC determined that Public Utility Code Sections 454.51(c) and 365.1(c)(2) require the above-market costs of any IOU opt-out or backstop procurement required by D.19-11-016 or D.21-06-035 to be allocated on a nonbypassable basis to customers, including the relevant CCA customers and ESP customers, and therefore did not adopt the option to allow for direct billing of the full MCAM costs from the IOU to the non-IOU LSE. So, when backstop procurement in undertaken on behalf of a deficient LSE, the customers of that LSE will be billed directly for the backstop procurement costs.

One-time Option for LSEs Gaining New Load Since 2019

Because the MCAM development process was extended over several years during which LSEs were making procurement decisions, the CPUC provided a one-time procurement option for LSEs that have gained new load since 2019 as a result of customer migration from IOU service. The one-time option allows LSEs with newly migrated load to enter into bilateral agreements with the relevant IOUs to acquire resource adequacy capacity at the System RA Market Price Benchmark (MPB) as determined in the PCIA context pursuant to D.19-10-001.

Analysis: The final load forecasts will establish not only the energy, peak capacity, and RPS-related procurement obligations for the 2022 IRP, but also determine VCE's share of the aggregate electric sector's GHG reductions. The 2022 IRP emphasizes the increasingly integrated nature of planning and procurement activities and requires LSEs to present connections among its procurement obligations for RA, reliability, energy and capacity, and the RPS. Under the MCAM Decision, a deficiency in fulfilling RA and reliability procurement obligations results in additional, likely higher, costs to the LSEs customers for at least the next decade, and the lengthy duration of both backstop procurement costs and allocation of backstop procurement resources could easily result in unnecessary and inefficient overprocurement of resources if triggered.

Next Steps: VCE's next IRP is due November 1. The CPUC will issue a Ruling by June 15, providing additional direction and detail on the requirements for LSEs' 2022 IRPs.

MCAM Implementation

- **July 18, 2022:** IOUs file Tier 2 Advice Letters on MCAM implementation

Load Forecasts and GHG Benchmarks Schedule

- **June 15, 2022**: Ruling on final load forecasts and GHG targets for each LSE
- **July 1, 2022:** Final peak capacity forecast distributed to each LSE confidentially

Additional Information: D.22-05-015 on Modified Cost Allocation Mechanism (May 23, 2022); Ruling establishing process for load forecasts and GHG benchmarks for 2022 IRP (April 20, 2022); D.22-02-004 adopting 2021 Preferred System Plan (December 22, 2021); CCA Motion for Clarification (December 13, 2021); D.21-06-035 establishing a 11,500 MW by 2026 procurement mandate (June 24, 2021); D.21-02-028 recommending portfolios for CAISO's 2021-2022 TPP (February 17, 2021); D.20-12-044 establishing a backstop procurement process (December 22, 2020); Scoping Memo and Ruling (September 24, 2020); Resolution E-5080 (August 7, 2020); Order Instituting Rulemaking (May 14, 2020); Docket No. R.20-05-003.

RPS Rulemaking

On May 20, the CPUC issued an updated procedural schedule for RPS Procurement Plans concurrently with a Proposed Decision on Rules for Portfolio Content Category (PCC) Classification for Voluntary Allocations of RPS Resources.

Background: This proceeding addresses ongoing RPS issues. VCE submitted its Final 2020 RPS Procurement Plan on February 19, 2021, and its 2020 RPS Compliance Report on August 2, 2021.

In addition, ongoing implementation issues of the Voluntary Allocation and Market Offer process (VAMO) ordered in the PCIA proceeding are considered here in the RPS proceeding. Under VAMO, LSEs are first offered an election to take up to their load share percentage of the IOUs' PCIA-eligible RPS portfolio as a direct allocation from the IOU. In the second part of the process, called the Market Offer (MO), the IOUs will offer for sale the remaining portions of their RPS portfolios that were not claimed by LSEs in the Voluntary Allocations.

An April 11 Ruling identified requirements for 2022 RPS Procurement Plans and established two parallel tracks in the proceeding. Track 1 addresses the IOU's proposed Market Offer process and Track 2 addresses retail electricity sellers' 2022 RPS Plans

An April 21 Ruling established revised dates for the submission of the Market Offer Process document. Pursuant thereto, the Joint IOUs submitted the Market Offer Process document on May 2, and each IOU filed a confidential sales strategy on May 16 to complete the Market Offer Process documentation.

Track 1: Market Offer Process

The Joint IOUs filed their proposed Market Offer process on May 2. The Market Offer process is part of a two-step process for 2022 RPS Procurement. In the first step, the Joint IOUs offer Voluntary Allocations at the Market Price Benchmark (MPB) in 10% increments of each LSE's forecasted annual load share. The Joint IOUs proposed to have LSEs indicate the amounts they are taking under the Voluntary Allocation and sign pro forma Voluntary Allocation Contracts in July 2022. Then, in the second step, the remaining RPS energy not claimed by LSEs in the Voluntary Allocation will be offered to all market participants through the Market Offer process.

Track 2: RPS Plans

2022 RPS Plans (April 11 Ruling) must be forward looking through 2032 and should inform the Commission of the retail seller's activities and plans to procure 65% of RPS resources from long-term contracts of 10 or more years for all compliance periods beginning with the current compliance period that started on January 1, 2021. The Plans must describe procurement of RPS resources that achieve the RPS targets while minimizing cost and maximizing customer value; and discuss any plans for building retail seller-owned resources, investing in third party-owned renewable resources, and engaging in the sales of RPS-eligible resources.

Details: The May 20 PD draws a clear distinction between RPS resources procured through Voluntary Allocation versus those procured through the Market Offer mechanism. Even though an LSE procures a "slice" of the IOU's RPS resource portfolio through each mechanism, the PCC classification of RPS resources procured through Voluntary Allocation does not change, while RPS resources procured through the Market Offer mechanism, particularly those with PCC-0 classification, will be treated as if they were a newly contracted resource and will not necessarily retain their original PCC classification. The CPUC also proposed to adopt the following rules related to RPS resources procured through the Voluntary Allocation process:

- Voluntary Allocations are not resales for purposes of determining the Portfolio Content Category (PCC) classification of Renewable Energy Credits (RECs) allocated to Power Charge Indifference Adjustment-eligible load serving entities (LSEs) like CCAs.
- Subsequent transfer/sale of the allocated RECs will be considered a resale, and the REC PCC classification will change pursuant to D.11-12-052 and other applicable Renewables Portfolio Standard (RPS) law and policy.
- The Voluntary Allocation price based on the Market Price Benchmark methodology adopted in D.21-05-030 shall not be modified at this time.
- The IOUs are not required to submit advice letter filings for Commission approval of executed pro forma Voluntary Allocation contracts. However, the IOUs must obtain Commission approval of executed pro forma Voluntary Allocation contracts if the contract deviates from the pro forma contract via a Tier 1 advice letter filing.

The Decision on this issue will not be final until sometime after June 23. PD therefore updates the procedural schedule, so that LSEs will not have to provide information in their draft RPS Procurement Plans due on July 1 if that information is not yet available . LSEs may include the Voluntary Allocation information in the RPS Plan Motion to Update due on August 15.

On May 23, PG&E submitted modifications (AL 6551-E-A) to its pro forma Market Offer Contract (AL 6551-E) in response to Protests filed by the Alliance for Retail Energy Markets and CalCCA. The modifications Specifically, PG&E modified the Market Offer contract to differentiate the offered products based on whether the resource is eligible for RPS compliance.

Analysis: 2022 RPS Procurement Plan requirements have a greater focus on long-term planning, not only maintaining the target of procuring 65% of RPS resources from long-term contracts of 10 or more years, but also aligning the RPS plan with IRP requirements in D.21-03-010. The new Voluntary Allocation mechanism has an outsized role in 2022 RPS Plans, providing LSEs an opportunity to claim a slice of an IOU's portfolio of RPS resources prior to entering a competitive bidding process, potentially with the added incentive of obtaining PCC-0 RECs that would otherwise be unavailable. Voluntary Allocation essentially provides LSEs a right of first refusal, accelerates and streamlines the procurement process, and enables RPS procurement at the MPB without competitive bidding while providing all LSEs with equal access to a representative share of an IOU's portfolio of RPS resources.

Next Steps:

PCC PD Timeline

- **June 9, 2022:** Opening Comments on PCC PD due

- **June 14, 2022:** Reply Comments on PCC PD due
- **June 23, 2022:** Expected Final Decision on PCC classification

Track 1: Market Offer Process

- **Ongoing:** Participant registration at IOU websites to receive notices regarding the solicitations
- **June 6, 2022:** Opening Comments on IOU's Market Offer Process Proposal due
- **June 10, 2022:** Reply Comments on IOU's Market Offer Process Proposal due
- **September 16, 2022:** IOUs Issue Solicitation
- **Week of September 19-23, 2022:** Participants' Webinar
- **September 30, 2022:** Bids Due
- **October 14, 2022:** IOUs Notify Qualified Participants
- **October-November 2022:** Agreements Executed
- **November 2022:** IOU Submits Agreement for CPUC Approval
- **3Q 2022:** Proposed Decision on Market Offer process
- **3Q 2022:** Disposition on Tier 2 Market Offer Pro Forma Contract Advice Letters

Track 2: 2022 RPS Plans

- **July 1, 2022:** Draft RPS Procurement Plans filed (*may provide Voluntary Allocation information to the extent available*)
- **July 29, 2022:** LSEs complete the process of determining interest in Voluntary Allocation elections and sign contracts (previous deadline was May 2022)
- **August 1, 2022:** Opening Comments on LSEs' draft RPS Procurement Plans due
- **August 1, 2022:** Motions requesting evidentiary hearing due
- **August 15, 2022:** LSE motion to update draft RPS Procurement Plans due
- **August 15, 2022:** Reply Comments on LSEs' draft RPS Procurement Plans due
- **4Q 2022:** Proposed Decision on LSEs' draft RPS Procurement Plans
- **1Q 2023:** LSEs file final 2022 RPS Plans

Additional Information: PG&E AL 6551-E-A (May 23, 2022); PD on PCC classification for Voluntary Allocation (May 20, 2022); Ruling on Procedural Schedule (May 20, 2022); Market Offer Process proposal by Joint IOUs (May 2, 2022); Ruling on RPS Track 1 schedule (April 21, 2022); Ruling seeking comments on Voluntary Allocations and PCC issues (April 18, 2022); PG&E AL 6517-E-A (April 11, 2022); Ruling identifying RPS Plan requirements (April 11, 2022); Amended Scoping Ruling expanding scope (April 6, 2022); PG&E AL 6551-E (April 4, 2022); Joint Motion by IOUs Concerning Review of Market Offer Process (March 10, 2022); PG&E AL 6517-E (February 28, 2022); VCE's Final 2021 RPS Procurement Plan (February 17, 2022); D.22-01-025 fining Gexa for RPS non-compliance (February 1, 2022); D.22-01-004 on draft 2021 RPS Procurement Plans (January 18, 2022); D.21-12-032 modifying the ReMAT tariff (December 16, 2021); D.21-11-029 amending RPS confidentiality rules (November 19, 2021); Voluntary Allocation Methodology Advice Letter 6305-E (October 25, 2021); Petition for Modification of D.20-10-005 on ReMAT pricing

(October 8, 2021); Ruling aligning IOU RPS Procurement Plan requirements with PCIA decision (May 26, 2021); Docket No. R.18-07-003.

PCIA Rulemaking

On May 16, the ALJ issued procedural email modifying the schedule for Market Price Benchmark proposals.

Background: D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current Power Charge Indifference Adjustment (PCIA) in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

In Phase 2, D.20-08-004 following the work of Working Group 2, the Commission adopted a framework for PCIA prepayment agreements.

D.21-05-030, the Phase 2 Decision removed the cap and trigger for PCIA rate increases, authorized new Voluntary Allocation, Market Offer, and Request for Information processes for RPS contracts subject to the PCIA, and approved a process for increasing transparency of IOU resource adequacy (RA) resources. However, it did not provide unbundled customers proportional access to system and flexible RA products through the RA voluntary allocation and market offer process proposed by PCIA Working Group 3. Likewise, it declined to provide unbundled customers any access to GHG-free energy on a permanent basis. The CCA Parties' Application for Rehearing of D.21-05-030 was denied.

The most recent step in the PCIA proceeding is D.22-01-023, which modified the PCIA market price benchmark release date to October 1 and the deadline for ERRA forecast applications to May 15 to enable the Commission to timely issue decisions on ERRA forecast applications.

Details: A May 16 procedural email ruling granted an extension for the joint IOU filing of the Energy Index Market Price Benchmark (MPB) Calculation.

Analysis: The MPB calculation is used as the basis for the pricing RPS resources under the Voluntary Allocation process, and the MPB benchmark price is used in Energy Resource and Recovery Account (ERRA) forecasts to determine PG&E's PCIA-related revenue requirement. The April 18 ALJ ruling seeks a response to a series of questions regarding approaches to modifying the manner in which the MPB is calculated, in part, to address the potential misrepresentation of current market activity resulting from use of the prior year's MPB to value RPS resources in the Voluntary Allocation process. Changes to the MPB calculation will influence resource procurement decisions and potentially customer costs.

Next Steps:

- **June 13, 2022:** IOUs shall jointly file Energy Index MPB Calculation Proposal
- **June 13, 2022:** Any other party may file Energy Index MPB calculation proposal
- **July 8, 2022:** Parties may file comments on Energy Index MPB Proposals
- **July 22, 2022:** Parties may file reply comments on Energy Index MPB Proposals

Additional Information: Ruling Regarding Market Price Benchmarks (April 18, 2022); Resolution E-5134 approving PCIA pre-payment framework ALs (March 21, 2022); D.22-01-023 on Phase 2 (approved January 27, 2021); Ruling requesting comments on PCIA forecasting data access (November 5, 2021); Ruling requesting comments (September 17, 2021); PG&E AL 5973-E-A PCIA pre-payment framework (August 13, 2021); CalCCA Application for Rehearing of D.21-05-030 (June 23, 2021); D.21-05-030 on PCIA Cap and Portfolio Optimization (May 24, 2021); D.21-03-051 granting petition to modify D.17-08-026 (March 26, 2021); Amended Scoping Memo and Ruling (December 16, 2020); PG&E AL 5973-E PCIA pre-payment framework (October 12, 2020); Joint IOUs PFM of D.18-10-019 (August 7, 2020); D.20-08-004 on Working Group 2 PCIA Prepayment (August 6, 2020); D.20-06-032 denying PFM of D.18-07-009 (July 3, 2020); D.20-03-019 on departing load forecast and presentation of the PCIA (April 6, 2020); D.20-01-030 denying rehearing of D.18-10-019 as modified (January 21, 2020); D.19-10-001 (October 17, 2019); D.18-10-019 Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. R.17-06-026.

PG&E Phase 1 GRC

On May 19, the CPUC issued a PD that would establish the effective date of PG&E's 2023 test year revenue requirement as January 1, 2023.

Background: Phase 1 GRC applications cover the revenue requirement, including the functionalization of costs into categories such as electric distribution or generation, which impact which customers (bundled, unbundled, or both) pay for the costs through rates. Phase 2 GRC applications cover cost allocation (i.e., assigning costs to customer classes, such as Residential) and rate design issues. PG&E proposes to have a second and third track of this Phase 1 GRC to request reasonableness review of certain memorandum and balancing account costs to be recorded in 2021 and 2022.

On August 25, 2021, the CPUC Executive Director granted PG&E's request to delay filing its next Phase 2 GRC application until September 30, 2024.

In their Protest of PG&E's Application, the Joint CCA parties identified the following list of preliminary issues they plan to examine or address in this proceeding:

- **Compliance with the Commission's Cost Allocation Directives in D.20-12-005** (PG&E's most recently decided Phase 1 GRC decision), including PG&E's cost functionalization methodology, wildfire costs, and allocation of Customer Care costs.
- **Reinvestments in and Recovery of Legacy Owned Generation Costs**, including solar contract renewals or the decommissioning of legacy owned assets, which impact Joint CCAs' customers through the PCIA and related vintaging of costs.
- **Other Issues that May Require Further Investigation and Analysis**, including how costs related to PSPS Events should be tracked and allocated; whether and how any funds that PG&E receives as credits (such as Department of Energy settlement funds) should be allocated to departing load customers; and how PG&E's regionalization proposal impacts its relationship and dealings with CCAs and their customers.

The October 1, 2021, Scoping Memo and Ruling divided the proceeding 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.

PG&E's pending November 5, 2021, Motion requests extending the turn-around time for filing rebuttal testimony from 30 days to 45 days; delaying the start of evidentiary hearings by three weeks to accommodate the proposed rebuttal testimony timeline; and requested an earlier resolution than Q4 2022 as indicated in the Scoping Memo and Ruling on PG&E's July 16, 2021, Motion for a January 1, 2023 effective date for its 2023 revenue requirement.

On March 10, PG&E filed an Amended Application and submitted supplemental testimony on wildfire mitigation programs. Also on March 10, the ALJ issued a Ruling on the February 25 Motion filed by

TURN, PG&E, and PAO denying their request to shorten time for responses to PG&E's Amended Application and supplementary testimony on wildfire mitigation programs, and suspending the March 30, submission date for intervenor testimony pending a ruling on the February 16, Motion to Modify the Schedule filed by TURN, PG&E, and the PAO.

On March 9, PG&E submitted its recorded expense and capital data testimony for 2021.

PG&E and Caltrain submitted a joint report on the status of the third-party audit of costs that PG&E will incur to upgrade the East Grand and FMC substations in connection with Caltrain's project to electrify its commuter rail system between San Jose and San Francisco. PG&E and Caltrain also requested to move consideration of PG&E's proposal for cost recovery of Caltrain Project costs from Track 1 to Track 2 of PG&E's 2023 GRC and proposed a schedule for the submission of testimony reporting on the Audit.

Details: On May 19, the CPUC issued a PD that would establish the effective date of PG&E's 2023 test year revenue requirement as January 1, 2023.

The April 12, email Ruling denied the February 16 Motion to adopt a final date for discovery regarding the earlier submitted testimony and adopted a revised procedural schedule for both Track 1 and Track 2.

On April 20, PG&E filed an application to modify its cost of capital that requests an overall rate of return of 7.78% and a $69.3 million increase in its revenue requirement. The company proposed a capital structure with 47.5% debt at a cost of 4.27%, 0.5% preferred equity at a cost of 5.52%, and 52% common equity at a cost of 11%.

Analysis: This proceeding will set the revenue requirement, and thereby ultimately impact PG&E's rates, for 2023-2026. It will establish how the revenue requirement components will be functionalized, which impact whether the ultimately approved costs will be borne by PG&E bundled customers, unbundled customers like VCE customers, or both. It will also address numerous other issues raised in PG&E's application that could impact rates, policies, and programs implemented by PG&E.

Next Steps:

The Track 1 schedule, as modified in the April 12 Ruling is:

- **June 13, 2022:** Intervenor Opening Testimony
- **July 11, 2022:** Concurrent Rebuttal Testimony
- **July 12 – August 15, 2022:** Meet & Confer (minimum of four times)
- **TBD (prior to Evidentiary Hearings):** Status Conference
- **August 15 – August 26, 2022:** Evidentiary Hearings
- **November 4, 2022:** Opening Briefs
- **December 9, 2022:** Reply Briefs
- **March 24, 2023:** Proceeding Submitted
- **Q3 2022:** Proposed Decision on PG&E
- **Q2 2023:** Proposed Decision on A.21-06-021

The Track 2 schedule, as modified in the April 12 ruling is:

- **November 14, 2022:** Intervenor Opening Testimony
- **December 14, 2022:** Concurrent Rebuttal Testimony

- **December 15, 2022:** January 20, 2023 – Meet & Confer (minimum of two times)
- **TBD (prior to Evidentiary Hearings):** Status Conference
- **January 23 – January 27, 2023:** Evidentiary Hearings
- **February 24, 2023:** Opening Briefs
- **March 24, 2023:** Reply Briefs
- **March 24, 2023:** Proceeding Submitted
- **2Q 2023:** Proposed Decision on A.21-06-021

Additional Information: Proposed Decision on Effective Date of 2023 Revenue Requirement (May 19, 2022); PG&E Application to establish 2023 Cost of Capital (April 20, 2022); Ruling on Motions and Request to Modify Schedule (April 12, 2022); ALJ Ruling denying Motion to Shorten Time, accepting PG&E's Amended Application, and suspending intervenor testimony deadline (March 10, 2022); PG&E's Amended Application (March 10, 2022); PG&E Affordability Metrics Report (February 23, 2022); ALJ Ruling on Public Participation Hearings (February 2, 2022); PG&E/Caltrain Report (February 1, 2022); Ruling denying PG&E Motion to submit supplemental testimony (November 12, 2021); Motion of PG&E to modify procedural schedule (November 5, 2021); Scoping Memo and Ruling (October 1, 2021); PG&E Application (June 30, 2021); Docket No. A.22-04-008; Docket No. A.21-06-021.

RA Rulemaking (2023-2024)

On May 17, the CAISO filed its Final 2023 Flexible Capacity Report. On May 20, the CPUC issued a Proposed Decision on local capacity obligations for 2023-2025, flexible capacity obligations for 2023, and refinements to the resource adequacy framework.

Background: In Track 3B.2 of the 2021-2022 RA Rulemaking (R.19-11-009), D.21-07-014 rejected CalCCA/SCE's proposal for restructuring the Resource Adequacy (RA) program, and instead found that PG&E's "slice-of-day" proposal best addresses the identified principles and the concerns with the current RA framework and if further developed, is best positioned to be implemented in 2023 for the 2024 compliance year. Therefore, the Decision directed parties to collaborate to develop a final restructuring proposal based on PG&E's slice-of-day proposal through a series of workshops.

The December 2, 2021, Scoping Memo and Ruling divided the proceeding into an Implementation Track and Reform Track. The Reform Track encompasses consideration of a final proposed framework and the slice-of-day workshop report.

The Implementation Track is sub-divided into Phases 1, 2, and 3:

- Phase 1 of the Implementation Track considered critical modifications to the Central Procurement Entity (CPE) structure and concluded in March 2022 with issuance of D.22-03-034.
- Phase 2 consists of the Commission's consideration of flexible capacity requirements for the following year, local capacity requirements for the next three years, and the highest-priority refinements to the RA program including modifications to the Planning Reserve Margin Qualifying Capacity Counting Conventions, which, along with other proposals, will consider the Energy Division's biennial update to the Effective Load Carrying Capability values for wind and solar resources. Phase 2 proposals were submitted in January 2022 and this phase is expected to conclude in June 2022. Neither CalCCA nor any CCAs individually filed a Phase 2 proposal.

- Phase 3 will consider the 2024 program year requirements for flexible RA, and the 2024-2026 local RA requirements. Other modifications and refinements to the RA program, as identified in proposals by parties or by the Energy Division may also be considered. Phase 3 is expected to conclude by June 2023.

D.22-03-034: This Decision established that in the event of a non-performing self-shown resource, an LSE may substitute another local resource on a like-for-like basis, and that if the CAISO makes a local Capacity Procurement Mechanism (CPM) designation for an individual deficiency then the CPE will be charged any backstop procurement costs and those costs will be allocated to all LSEs on a load ratio share basis. It also requires LSEs that either decline to self-show a local resource to the CPE or fail to bid a local resource into the CPE's solicitation process to file a justification statement in its year-ahead Resource Adequacy filing explaining why the LSE declined to self-show or bid the local resource to the CPE. An LSE's self-shown commitment must be firm for Years 1 and 2, but self-shown local resources for year 3 may be replaced like-for-like with other local resources.

Details: The PD would resolve Implementation Track Phase 2, address issues scoped within the Reform Track, and establish Phase 2 of the Reform Track.

Implementation Track Phase 2

Starting in the 2023 RA compliance year, the central procurement entity (CPE) framework is in place and local RA requirements are no longer allocated to LSEs in PG&E's service area. Local capacity requirements (LCR) are established by the CAISO and published in its LCR Report annually. VCE is located in the Sierra Local Area which **is classified as a resource deficient area which may result in load being shed immediately after the first contingency at summer peak.**

A working group process was implemented to evaluate methods and approaches to counting RA capacity but reached no consensus. Therefore, methods for counting capacity from demand response remain unchanged and no approach has been adopted for counting behind-the-meter solar capacity. The PD does, however, propose to implement certain testing requirements for demand response resources starting in 2023.

Reform Track

The Reform Track addresses the restructuring of the RA framework to ensure grid reliability at all times of the day and ensuring that the restructured framework is compatible with the IRP and RPS proceedings. After a series of workshops and review of several proposed frameworks, the PD adopts a 24-hour slice-of-day framework, which requires each LSE to demonstrate that it has enough capacity to satisfy its specific gross load profile, including the planning reserve margin (PRM), in all 24 hours on CAISO's "worst day" in that month. The PD includes a detailed workplan for Phase 2 of the Reform Track that outlines further development tasks for restructuring the RA framework over the next several years.

Analysis: The CPE framework is one of several new components added as the CPUC works toward integrating reliability, RA, and RPS obligations into the Integrated Resource Planning framework. These shifts placing greater responsibility on LSEs also add additional risk to procurement activities, particularly in the event of a delay or underperformance by a counterparty to a resource procurement contract. Furthermore, the PD indicates progress towards development of substantial revisions to the RA framework, and although additional development will be required changes to counting methodologies could not only affect the value of existing procured resources but also potentially provide mechanisms for counting demand response and behind-the-meter resources towards RA requirements. Also, the contemplated revisions to the RA framework would eventually establish new 24-hour based RA requirements that applied on a monthly basis.

Next Steps: The procedural schedule for the ongoing tracks and working groups are as follows:

Reform Track Phase 2

- **July – October 2022:** Workstreams 1-3 to resolve remaining implementation details and methodologies
- **November 15, 2022:** Final proposals from Workstreams 1- 3 filed and served
- **December 1, 2022:** Opening comments on final proposals due
- **December 12, 2022:** Reply comments on final proposals due
- **Q1 2023:** Proposed decision on Reform Track Phase 2 issued

CPE Procurement Timeline

- **No later than June 2022:** The Commission adopts multi-year local RA requirements for the applicable compliance years as part of its June decision.
- **No later than early July 2022:** CPE receives total jurisdictional share of multi-year local RA requirements for the applicable compliance years.
- **July 2022:** LSEs receive initial RA allocations, including Cost Allocation Mechanism (CAM) credits from CPE-procured system and flexible capacity from the prior year and any bilateral contracts.
- **Mid-August 2022:** CPE makes local RA showing to the Commission.
- **End of August 2022:** LSEs in the SCE and PG&E TAC areas receive updated CAM credits for multi-year system/flexible capacity that was procured by the CPE as a result of the CPE's multi-year local RA showing to the Commission in Mid-August.
- **September 2022:** LSEs are allocated final year-ahead system and flexible RA allocations, including CAM credits from CPE-procured system and flexible RA capacity based on revised year-ahead load forecast load ratios.
- **End of October:** LSEs make year-ahead system and flexible showings, and provide justification statements, if applicable, for local resources not self-shown or bid to the CPE.

Additional Information: Proposed Decision on LCR and FCR Requirements and Modifications to the RA Framework (May 20, 2022); Final 2023 FCR Report (May 17, 2022); Notice of Final 2023 LCR Report (April 29, 2022); Ruling modifying schedule (April 29, 2022); CAISO Local Capacity Technical Analysis (April 7, 2022); D.22-03-034 on Phase 1 of Implementation Track Modifications (March 18, 2022); Workshop Report (February 28, 2022); Ruling modifying Phase 2 schedule and providing LOLE study and CEC Working Group Report (February 18, 2022); Proposed Decision on CPE revisions (February 10, 2022); Ruling modifying procedural schedule (December 10, 2022); Scoping Memo and Ruling (December 2, 2021); Order Instituting Rulemaking (October 11, 2021); Docket No. R.21-10-002.

PG&E Regionalization Plan

On May 9, VCE and Pioneer filed comments on the Proposed Decision that would adopt PG&E's regionalization plan and the multi-party settlement, highlighting PG&E's safety and wildfire issues that were a primary purpose of the regionalization proposal.

Background: D.20-05-051 approved PG&E's reorganization following bankruptcy and directed PG&E to file a regionalization proposal (I.19-09-016). On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. PG&E proposed to divide its service area into five new regions, each led by a Regional Vice President, and each with a Regional Safety Director to lead its safety efforts. The new regions would include five functional groups that report to the Regional Vice President encompassing various functions including: (1) Customer Field Operations, (2) Local Electric Maintenance and Construction, (3) Local Gas Maintenance and Construction, (4) Regional Planning and Coordination, and (5) Community and Customer Engagement. Other functions will remain centralized, such as electric and gas operations, risk management, enterprise health and safety, the majority of existing Customer Care and regulatory and external affairs, supply, power generation, human resources, finance, and general counsel.

In August 2020, parties filed protests and responses to PG&E's application. Of note, South San Joaquin Irrigation District filed a Protest arguing that PG&E's regionalization effort should not create a moratorium or interfere with municipalization efforts.

In February 2021, PG&E submitted its updated regionalization proposal ("Updated Proposal"). In response to feedback, PG&E modified its five regions (renamed North Coast, North Valley & Sierra, Bay Area, South Bay & Central Coast, and Central Valley), including moving Yolo County from Region 1 to Region 2 (North Valley & Sierra), where it would be grouped with the following counties: Colusa, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Solano, Sutter, Tehama, and Yuba.

On August 31, 2021, PG&E, the California Farm Bureau Federation, the California Large Energy Consumers Association, the Center for Accessible Technology, the Coalition of California Utility Employees, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Small Business Utility Advocates, and William B. Abrams filed a Motion for approval of their settlement agreement (Multi-Party Settlement Agreement, or MPSA). A separate settlement agreement is between the South San Joaquin Irrigation District and PG&E. The Multi-Party Settlement Agreement includes a framework within which PG&E will facilitate a stakeholder engagement process for parties to the Multi-Party Settlement Agreement to provide updates and a non-binding forum for input from stakeholders. The proposed settlement would have restricted participation in the Regionalization Stakeholder Group to Parties to the proceeding who agree to the scope, procedures and protocols of the Regionalization Stakeholder group as outlined in the settlement. PG&E will host two public workshops in 2022 and for each year until the completion of Phase III or its regionalization implementation to provide updates to the public about its regionalization implementation progress.

In the separate PG&E/SSJID Settlement Agreement, PG&E clarified and confirmed that its implementation of regionalization as managed by its Regionalization Program Management Office will not include any work to oppose SSJID's municipalization efforts. However, SSJID also acknowledged that PG&E may continue to respond to SSJID's municipalization efforts in other forums and proceedings separate from the regionalization proceeding and/or implementation of the Updated Regionalization Proposal.

VCE filed comments on the Motion for approval of the settlement jointly with Pioneer Community Energy that were critical of PG&E's Updated Proposal and the settlement. VCE and Pioneer recommended that the CPUC reject the settlement and require changes to PG&E's Updated Proposal, including alignment with the boundaries of regional councils of governments (COGs) and requirements to coordinate with COGs, the development of metrics to measure PG&E's progress on key safety and customer relations issues, greater coordination between PG&E and CCAs, and improvements to the Regionalization Stakeholder Group to expand its access and efficacy.

On April 18, the ALJ issued a Proposed Decision that would approve the MPSA in part, approve the PG&E/SSJID Settlement Agreement in totality, and close the proceeding.

The PD, if adopted by the Commission, would:

- Allow participation in the Regionalization Working Group (RWG) by any interested party rather than just parties to the proceeding, as suggested in comments by VCE and other parties. The PD would not broaden the scope of the RWG.

- Not address metrics, including those related to safety, property damage, reliability, customer needs, etc., on the grounds that such metrics are outside the scope of this proceeding.
- Not alter PG&E's proposed regional boundaries.
- Not make other revisions suggested by VCE, Pioneer or TURN.
- Add between $24.6 and $32.6 million in incremental costs.

Details: On May 9, VCE and Pioneer filed comments recommending that the multi-party settlement agreement (MPSA) be rejected by the Commission because PG&E's Updated Proposal is highly unlikely to lead to meaningful safety, customer responsiveness or accountability improvements at PG&E. VCE and Pioneer requested that, at a minimum, the Commission keep the proceeding open to address issues arising from the stakeholder group, require PG&E to propose reasonable metrics for measuring the utility's safety performance and responsiveness to local communities, and to remove unreasonable restrictions on the scope and participation requirements in the stakeholder group.

VCE, Pioneer and TURN met with Commissioner Houck's staff on May 27 to discuss the Proposed Decision.

Analysis: The implications of PG&E's regionalization plan on CCA operations, customers, and costs remain largely unclear. As part of Region 2, VCE would be grouped with several northern counties in central and eastern California. The Proposed Decision did not address most of the comments made by VCE and Pioneer regarding the inefficacy of the Updated Proposal, suggestions for greater transparency and responsiveness, or alignment of regional boundaries with existing councils of governments. Pioneer, VCE and TURN have advocated for an alternate Proposed Decision rejecting the MPSA.

Next Steps: The Proposed Decision was originally scheduled for a vote at the CPUC's May 19 meeting, but has been held by Commissioner Houck until the June 23 meeting.

Additional Information: Proposed Decision (April 18, 2022); Joint Motion for approval of Settlement Agreements (August 31, 2021); Ruling granting schedule modification (August 20, 2021); Ruling denying evidentiary hearing (July 28, 2021); PG&E Joint Case Management Statement (July 20, 2021); Amended Scoping Memo and Ruling (June 29, 2021); PG&E Updated Regionalization Proposal (February 26, 2021); Ruling modifying procedural schedule (December 23, 2020); Scoping Memo and Ruling (October 2, 2020); Application (June 30, 2020); A.20-06-011.

Provider of Last Resort Rulemaking

On May 10, PG&E submitted AL 6589-E with calculated financial security requirements for CCAs. The procedural schedule was modified by a May 24 Ruling that granted an extension of time for filing Opening Comments until July 5.

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (e.g., PG&E is currently the POLR in VCE's territory).

The Scoping Memo and Ruling issued September 16, 2021, provides that Phase 1 of this OIR 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 decision to set the requirements and application process for other non-IOU entities (i.e., a CCA, Energy Service Provider, or third-party) to be designated as the POLR in place of an existing POLR. Phase 3 will address specific outstanding issues not resolved in Phase 1 and 2 of this proceeding.

A workshop was held on October 29, 2021, for the purpose of reviewing the operation and expectation of Provider of Last Resort service, registration, and financial security requirements, and a second workshop was held on March 7 for the purpose of developing a framework to consider the issues and recommendations of the previous workshop.

Party comments on the first workshop were filed on March 28. CalCCA's comments urged a more pragmatic approach based on recent actual experience of customer returns and an evidence-based examination of the actual risks of customer returns to addressing POLR issues. Some of CalCCA's proposals include maintaining the six-month runway to prepare for the return of customers, refining the Financial Service Requirements (FSRs) to reflect the current Market Price Benchmarks (MPBs) for Resource Adequacy (RA) and RPS products, maintaining the existing right to an RA waiver, not requiring resource procurement in advance of customer returns, providing for recovery of financing costs if the POLR must pay for costs prior to receipt of revenues from customer returns, refining the implementation planning process for new CCAs, and implementing a three-tiered reporting rubric calibrated to the operating CCA's circumstances.

PG&E's comments on the first workshop included a proposal for an insurance pool to ensure liquidity equal to about two months incremental energy procurement costs for the POLR with each CCA posting its annual contribution to the insurance pool in the form of either cash or a letter of credit, and a proposed initial set of metrics for monitoring the financial health of CCAs that the company recommended be further developed and refined through a workshop process or with other stakeholder feedback.

The primary issues raised in comments to Workshop 2 were:

- Applicability of POLR to Electric Service Providers (ESPs): Both CalCCA and TURN argue that there is no basis for excluding ESPs from any POLR obligations adopted by the Commission since ESPs are subject to the same market conditions that cause CCA defaults.
- Upfront Liquidity: PG&E expressed the need for upfront liquidity equal to two months of POLR costs and estimated the cost of providing energy-only service for two months to CCA customers in its territory at between $200 and $400 million. CalCCA estimated the costs for two months of CAISO service if all CCA customers statewide returned their load to POLR service to be about $800 million, and recommended that risks be defined not only by their costs but also by their probability of occurrence since it is very unlikely that all or even a majority of CCAs would fail simultaneously and "failing to account for the probability of an event will significantly over-securitize the risk at the expense of customers."
- Right of First Refusal (ROFR) or Novation: There are differences among the parties regarding both the need for the costs and benefits of resources procured by a failing LSE to follow those customers returned to POLR service, and the mechanism by which those resources might follow customers.

Other topics discussed include the mechanism of the FSR, mechanisms for financial monitoring, and the possibility of a statewide not-for-profit central entity to manage POLR.

Details: On May 10, PG&E submitted AL 6589-E with calculated financial security requirements for CCAs. The procedural schedule was modified by a May 24 Ruling that granted an extension of time for filing Opening Comments until July 5.

Analysis: This proceeding could impact VCE in several ways. First, in establishing rules for existing POLRs, it will address POLR service requirements, cost allocation, and cost recovery issues should a CCA or other LSE discontinue supplying customers resulting in the need for the POLR to step in to serve those customers. Second, in setting the requirements and application process for another entity to be designated as the POLR, it could create a pathway for a CCA or other retail provider to elect to become a POLR for its service area. The preliminary questions (Appendix B to the OIR) suggest these issues will include examining topics such as CCA financial security requirements, portfolio risk and hedging, CCA deregistration, CCA mergers, and CCA insolvency.

Next Steps: Opening comments on the questions presented in the May 2 Ruling are due July 5 and Reply Comments are due July 19.

- **July 5, 2022:** Opening Comments
- **July 19, 2022:** Reply Comments
- **August 2022:** Energy Division Staff Proposal on Phase 1 Issues
- **September 2022:** Workshop on Energy Division Staff Proposal
- **September 2022:** Workshop on Potential/Example Changes to FSR Calculator
- **October 2022:** Opening Comments Filed and Served on Energy Division Staff Proposal/Potential Changes to FSR Calculator
- **October 2022:** Reply Comments Filed and Served on Energy Division Staff Proposal/Potential Changes to FSR Calculator
- **Q1 2023 – Q2 2023:** Phase 1 Proposed Decision

Additional Information: Ruling granting extension of time and modifying procedural schedule (May 24, 2022); Ruling Requesting Comments (May 2, 2022); POLR webpage with workshop presentations and videos; Ruling rescheduling second workshop date (February 24, 2022); Ruling setting second workshop and comment period (December 31, 2021); Ruling requesting comments (November 23, 2021); Golden State Power Cooperative Motion to remove cooperatives as respondents (October 28, 2021); Scoping Memo and Ruling (September 16, 2021); Ruling scheduling prehearing conference (April 30, 2021); Order Instituting Rulemaking (March 25, 2021); Docket No. R.21-03-011.

NEW PG&E 2023 ERRA Forecast

On May 31, PG&E submitted its 2023 ERRA Forecast.

Background: 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.

On May 31, PG&E filed its 2023 ERRA Forecast application, requesting a 2023 ERRA forecast revenue requirement for ratesetting purposes of $4.736 billion. After accounting for $2.479 billion of Utility Owned Generation (UOG)-Related Costs and amounts related to capped 2020 departing load PCIA rates addressed in D.20-12-038, PG&E is requesting a revenue requirement request in this application of $2.263 billion.

Details: D.22-02-002 approved a 2022 forecast of electric sales and energy procurement revenue requirements of $2.4 billion, effective in rates on March 1. It found the December Update, updated again with the actual year-end ERRA main account balance, provided the most accurate forecast for 2022 revenue requirements, and approved the 12-month amortization that was supported by CCAs. Under the December Update adopted in D.22-02-002, **the 2022 total PCIA rate for 2017-vintaged customers (i.e., most VCE customers) will fall 59% relative to 2021 to $0.01969/kWh for residential customers and to $0.01897/kWh on a system-average basis.** The Decision also found that all customers who were financially responsible for the ERRA-PCIA Financing Subaccount (ERRA-PFS) balance should be entitled to the appropriate credit and directed PG&E to transfer the

$95 million ERRA-PFS credit for 2022 to the 2020 vintage subaccount. It approved a request by CCAs and directed PG&E to include the confidential workpapers supporting the PCIA rates from the prior year's ERRA Forecast proceeding as part of the Master Data Request it will provide in each subsequent ERRA Forecast proceeding. D.22-02-002 denied without prejudice the CCA's request to direct PG&E to provide data demonstrating its future role as a CPE in future ERRA forecast proceedings.

On March 14, the California Large Energy Consumers Association and Agricultural Energy Consumers Association filed an Application for Rehearing (AFR) of D.22-02-002. The AFR argues that the Commission should have adopted a 24-month amortization period for the undercollected ERRA balance. PG&E filed its response to the AFR on March 29, defending the use of a 12-month amortization period. The Commission has not yet acted on the AFR.

Analysis: D.22-02-002 results in a 59% reduction to VCE's PCIA rates in 2022 compared to 2021. While the PCIA rate will fall substantially in 2022 for VCE customers, the non-RPS benchmarks that contributed to the reduction in the PCIA in 2022 could result in the opposite effect in 2023. That is, the same high benchmarks that helped reduce the 2022 forecast case may be too high compared to next year's actuals, which would create large Portfolio Allocation Balancing Account (PABA) undercollection balances for 2023 rates. The change in the PCIA rate from the December Update will help mitigate such a swing in rates in 2023. D.22-02-002 also improves transparency by requiring PG&E to provide confidential workpapers supporting the PCIA rates from the prior year's ERRA Forecast proceeding as part of the Master Data Request it will provide in each subsequent ERRA Forecast proceeding.

Next Steps: Responses/Protests are due 30 days from the day the proceeding appears in the daily calendar, TBD.

Additional Information: Application (May 31, 2022); Docket No. A.22-05-XXX.

PG&E 2021 ERRA Compliance

No updates this month.

Background: PG&E's application requested that the CPUC find that during 2021:

- It complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, resource adequacy sales, and least-cost dispatch of electric generation resources.
- It managed its utility-owned generation (UOG) facilities reasonably.
- Its expenditures in the Green Tariff Shared Renewables Memorandum Account (GTSRMA) were reasonable.
- Its entries in the Portfolio Allocation Balancing Account (PABA), Energy Resource Recovery Account (ERRA), Green Tariff Shared Renewables Balancing Account (GTSRBA), Disadvantaged Community – Single-Family Affordable Solar Homes (DAC SASH) balancing account (DACSASHBA), Disadvantaged Community - Green Tariff Balancing Account (DACGTBA), and Community Solar Green Tariff Balancing Account (CSGTBA) were consistent with applicable tariffs and CPUC directives.

PG&E also presents its Central Procurement Entity's administrative costs recorded to the Centralized Local Procurement Sub-Account (CLPSA) in the New System Generation Balancing Account (NSGBA).

PSPS Impacts: PG&E states that since the CPUC is currently considering the utilities' proposed common methodology for calculating unrealized volumetric sales and unrealized revenues resulting from Public Safety Power Shutoff (PSPS) events in the consolidated Phase II 2019 ERRA Compliance proceeding, it has not included with this 2021 ERRA Compliance application any testimony addressing the calculation of unrealized volumetric sales or unrealized revenues. PG&E plans to send an email to the assigned ALJ requesting direction regarding whether and in what format PSPS information should be presented as part of this Application once the Commission has resolved the issue in the Phase II 2019 ERRA Compliance proceeding.

Issues: PG&E proposes the following issues be considered in this proceeding:

- Whether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct No. 4 (SOC 4):
    - Utility-Owned Generation Facilities
    - Qualifying Facilities (QF) Contracts and Non-QF Contracts. If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?
- Whether PG&E achieved least-cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4;
- Whether the entries recorded in the Energy Resource Recovery Account and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions;
- Whether PG&E's greenhouse gas instrument procurement complied with its Bundled Procurement Plan;
- Whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan;
- Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with the applicable tariffs and Commission directives:
    - Green Tariff Shared Renewables Memorandum Account;
    - Green Tariff Shared Renewables Balancing Account;
    - Disadvantaged Community - Single Family Solar Affordable Homes Balancing Account;
    - Disadvantaged Community - Green Tariff Balancing Account;
    - Community Solar Green Tariff Balancing Account; and
    - Centralized Local Procurement Sub-Account.
- Whether there are any safety considerations raised by this Application.

Details: Protests of PG&E's application were filed by three parties including CalCCA and the Cal Advocates office. A Notice was issued on May 3 rescheduling the prehearing conference for June 8.

Analysis: The proceeding has just begun, and its full scope is yet to be determined. A CPUC determination in the Phase II 2019 ERRA Compliance proceeding on the utilities' proposed common methodology for calculating unrealized volumetric sales and unrealized revenues resulting from PSPS events could expand the scope of this proceeding.

Next Steps: PG&E, in agreement with parties filing protests, proposed the following timeline:

- **June 8, 2022:** Prehearing Conference

- **August 24, 2022:** Cal Advocates and Intervenor Testimony
- **October 1, 2022:** PG&E Rebuttal Testimony
- **October - November 2022:** Settlement Discussions
- **November 14-16, 2022:** Evidentiary Hearings
- **December 2, 2022:** Opening Briefs
- **December 19, 2022:** Reply Briefs

Additional Information: Notice rescheduling prehearing conference (May 3, 2022); PG&E 2021 ERRA Compliance Application (February 28, 2022); Docket No. A.22-02-015.

PG&E Phase 2 GRC

No updates this month.

Background: PG&E's 2020 Phase 2 General Rate Case (GRC) addresses marginal cost, revenue allocation and rate design issues covering the next three years. D.21-11-016 largely adopted PG&E's proposed marginal costs and methodologies for deriving them but adopted marginal connection equipment costs proposed by the Agricultural Energy Consumers Association and marginal transmission capacity costs proposed by the Solar Energy Industries Association. It also adopted, without modification, several uncontested settlements on rate design issues (residential rate design settlement; settlement on streetlight rate design issues; Economic Development Rate (EDR) settlement; agricultural rate design; C&I rate design) and revenue allocation.

With respect to CCA issues, the adopted EDR settlement noted that PG&E and the Joint CCAs agreed to create a collaborative process "to identify and vet EDR applicants that will make it easier for CCAs to provide a generation rate reduction to CCA customers who qualify for PG&E's EDR." D.21-11-016 also approved the agricultural rate design settlement that proposed that the unbundling of the PCIA from the generation component of bundled rates be designed as a flat PCIA rate, not differentiated by season or TOU period, consistent with the PCIA rate design for DA and CCA customers. The PCIA rate for bundled customers will use the most recent vintage of the PCIA rate. Finally, D.21-11-016 approved the revenue allocation settlement, including its proposal that before allocating generation revenue, instead of including the PCIA revenue in the overall generation revenue requirement, PCIA revenue will be removed from each customer class's revenue at present rates based on the most recent vintage PCIA rates. Then, PG&E will use the adopted allocation for generation to allocate the PCIA revenue requirement to customer classes.

On January 18, parties filed a Settlement Agreement that includes the following terms of the Stage 1 RTP Pilot:

Eligibility: PG&E's bundled customers who are eligible for the B-20, B-6 and E-ELEC rates may participate on an opt-in basis. CCAs will need to affirmatively decide to participate in the Stage 1 Pilots for their customers to be eligible. PG&E agrees to work with its twelve CCAs to seek agreement from one or two of them to participate in the Stage 1 Pilots, if possible.

Duration: Stage 1 Pilots shall have a duration of 24 months, subject to potential extension.

Enrollment: PG&E will make its best efforts to program and make available for enrollment the three Stage 1 RTP rates by October 1, 2023.

Pricing: The RTP element of the Stage 1 Pilot RTP rates will replace the generation component of the customer's otherwise applicable rate schedule. The remaining transmission, distribution, Public Purpose Program and other charges and taxes remain the same as the otherwise applicable underlying rate. The generation component to be used in the Stage 1 Pilots' RTP rates will include:

(1) a Marginal Energy Charge, (2) a Marginal Generation Capacity Cost, and (3) a Revenue Neutral Adder (designed to make the forecasted annual generation revenue collected under the three Stage 1 Pilot RTP rates revenue neutral to the base schedule). Residential customers would have 1 year of bill protection. There would be a limited amount of participation incentives as well.

All development, implementation, and operating costs for the Stage 1 Pilots, as well as for the separate Customer Research Study for residential, agricultural, and small commercial customers, will be recovered in distribution rates from all customers.

The Final Decision, D.22-03-012, adopting the Joint Stipulation, or otherwise resolving the single carryover issue of material fact about the MGCC Property Tax Adder, was issued March 18. This Decision, in accordance with the PG&E/CLECA Joint Stipulation, adopts a property tax factor of 1.25% for the 2021-2026 marginal generation capacity cost (MGCC) for new customer rates effective June 1. A corrected version of PG&E's MGCC Report was filed on March 17.

PG&E proposed an export compensation mechanism for non-NEM customers enrolled in the Day-Ahead Hourly Real Time Pricing (DAHRTP) rate. The proposed Business Electric Vehicle (BEV) Pilot will include customers on any BEV rate and not only customers on the DAHRTP Commercial Electric Vehicle (CEV) rate. Compensation for energy will come from the CAISO market participation entity, and to the extent available will include compensation for Resource Adequacy. PG&E has not yet proposed a budget for the Pilot but has proposed a cost-effectiveness evaluation and a report on lessons learned to be issued two years after implementation. The proposal includes a market participation option instead of a tariff rate to allow all BEV customers in the PG&E service territory (including customers of CCAs or direct access providers) to participate without requiring each retail LSE to offer its own tariff rate. Some key considerations that PG&E has requested be addressed through a stakeholder process include interconnection jurisdiction, resource adequacy compensation methodology, and managing and monitoring customer revenue generation.

Details: PG&E served the required supplemental testimony (March 24) for its proposed export compensation mechanism for customers enrolled in the day-ahead real-time pricing (DAHRTP-CEV) rate that do not participate in net metering but provide behind-the-meter resources. The Vehicle Grid Integration Council (VGIC) was the only party to file responsive testimony, and rebuttal testimony was scheduled to be served on April 29. PG&E's Motion for Evidentiary Hearing in A.20-10-011 (filed April 22) requested the Commission grant evidentiary hearings on several disputed questions related to the export compensation mechanism for customers enrolled in the day-ahead real-time pricing (DAHRTP-CEV) rate that do not participate in net metering but provide behind-the-meter resources. The disputed issues raised by VGIC, as identified in PG&E's Motion, are:

- Whether PG&E's market participation approach belongs in this proceeding;
- PG&E's consideration of resource adequacy valuation and compensation;
- PG&E's proposed use of a "complex and lengthy approach" that includes a cost-benefit analysis for export valuation;
- Potential use of the same compensation mechanism for DAHRTPCEV Non-NEM as DAHRTPCEV NEM customers; and
- Dual participation in ELRP.

Analysis: This phase of the proceeding could impact real-time pricing rate design issues for PG&E customers. If the settlement agreement is adopted, VCE could elect to allow its customers to participate in the Stage 1 RTP Pilot. The Settlement Agreement provides that cost recovery of development, implementation, and operating costs for the Stage 1 Pilots, as well as for the separate Customer Research Study, would be recovered in distribution rates that both bundled PG&E and VCE customers pay.

Next Steps: PG&E's April 22 Motion for an Evidentiary Hearing remains unaddressed.

Additional Information: PG&E Motion for Evidentiary Hearing (April 22, 2022); PG&E Proposal for non-NEM export compensation (March 24, 2022); PG&E MGCC Report (corrected) (March 17, 2022); Decision on property tax adder (March 18, 2022); Ruling on timing to respond to PG&E/CLECA Motion (January 25, 2022); Motion by PG&E/CLECA to establish a separate expedited schedule (January 21, 2022); PG&E Motion on MGCC Study (January 18, 2022); PG&E Motion (January 18, 2022); Motion to Adopt Settlement Agreement (January 18, 2022); D.21-11-016 on revenue allocation and rate design (November 19, 2021); Amended Scoping Memo and Ruling (August 25, 2021); Ruling bifurcating RTP issues into separate track (February 2, 2021); D.20-09-021 on EUS budget (September 28, 2020); Exhibit (PG&E-5) (May 15, 2020); Scoping Memo and Ruling (February 10, 2020); Application, Exhibit (PG&E-1): Overview and Policy, Exhibit (PG&E-2): Cost of Service, Exhibit (PG&E-3): Revenue Allocation, Rate Design and Rate Programs, and Exhibit (PG&E-4): Appendices (November 22, 2019); RTP Pilot Docket No. A.20-10-011; Phase 2 GRC Docket No. A.19-11-019.

PG&E's 2019 ERRA Compliance

No updates this month.

Background: Phase 1 has been resolved. The September 7, 2021, Ruling consolidated the Phase 2 ERRA compliance proceedings of PG&E, SCE, and SDG&E. The issues scoped for Phase 2 are:

- What is the appropriate methodology for calculating a utility's unrealized volumetric sales and unrealized revenues resulting from PSPS events in any given record year? Based on this methodology, what are the utilities' (PG&E, SCE, and SDG&E) unrealized volumetric sales and unrealized revenues resulting from 2019 Public Safety Power Shutoff (PSPS) events?

- Whether it is appropriate for the utilities to return the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the PSPS events in 2019.

At the October 26, 2021, workshop hosted by Energy Division, the IOUs (PG&E, SCE, and SDG&E) made a joint presentation of their proposal for a methodology to calculate the revenue requirement of the estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events.

The Joint CCAs filed a Motion on November 4, 2021, requesting the CPUC clarify the scope of issues in this proceeding. The November 12, 2021, Ruling clarified the CPUC's intent to consider a range of PSPS methodologies, which may be proposed by both the IOUs and other parties. It provided that parties may conduct additional discovery to support their proposal of a reasonable alternative PSPS methodology. The CPUC will consider a PSPS methodology that includes unrealized generation-related volumetric sales and revenues, along with the joint IOU proposal and potentially other PSPS methodologies

Details: The Joint IOUs' recommendations to adopt their common methodology for calculating unrealized revenue from end-use customers de-energized during PSPS events were determined to be reasonable and approval was recommended in the Joint Case Management Statement.

Previously, the CCA Parties' testimony identified all retail rate components that should be considered to provide a full accounting of the unrealized retail revenue during PSPS events. The testimony also described how, absent a ratemaking remedy, the IOUs will fully recover their authorized revenue requirement from all customers, including those receiving no electricity service during PSPS events, through pre-established balancing account mechanisms. The CCA Parties also explained the potential impact of PSPS events on wholesale generation revenue and the need to account any such reductions if generation resources are forced offline due to PSPS events.

The CCA Parties recommended the following issues which remain in dispute per the Joint Case Management Statement:

- The calculation of unrealized retail revenue during PSPS events should include additional CPUC-jurisdictional rate components tied to balancing accounts that record IOU costs incurred despite lost sales to end use customers.
- Each IOU should make a full accounting of the balancing accounts implicated by the total unrealized retail revenue.
- Unrealized wholesale generation revenue should be quantified if utility-owned generation resources, or contracts with take-or-pay provisions, are forced out of service due to a PSPS event.
- Each IOU should record adjusting entries to affected balancing accounts, equal to the unrealized retail and wholesale generation revenue as applicable, to comply with the Commission's directive to "forgo collection in rates from customers of all authorized revenue requirement equal to estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events."

TURN also filed testimony recommending that ***all*** revenue requirements from retail sales be disallowed.

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

Next Steps: Reply Briefs on the April 6 ALJ Ruling are due June 17.

Additional Information: Amended Procedural Schedule (April 6, 2022); Joint Case Management Statement (February 25, 2022); Order Denying Rehearing of D.21-07-018 and PG&E's application for rehearing of D.21-07-013 (December 3, 2021); Ruling consolidating ERRA compliance proceedings (September 7, 2021); PG&E Application for Rehearing of D.21-07-013 (August 16, 2021); D.21-07-013 resolving Phase 1 (July 16, 2021); Joint Motion to Adopt Settlement Agreement (October 22, 2020); Amended Scoping Memo and Ruling (August 14, 2020); Scoping Memo and Ruling (June 19, 2020); PG&E's Application and Testimony (February 28, 2020); Docket No. A.20-02-009.

Utility Safety Culture Assessments

No updates this month.

Background: IOU safety culture assessments are required as part of AB 1054 and SB 901. AB 1054 directed the CPUC's Wildfire Safety Division, now the Office of Energy Infrastructure Safety, to conduct annual safety culture assessments of each electrical corporation. The AB 1054 assessments are specific to wildfire safety efforts and include a workforce survey, organizational self-assessment, supporting documentation, and interviews. SB 901 directs the CPUC to establish a safety culture assessment for each electrical corporation, conducted by an independent third-party evaluator. SB 901 also requires that the CPUC set a schedule for each assessment, including updates to the assessment, at least every five years, and prohibit the electrical corporations from seeking reimbursement for the costs of the safety culture assessments from ratepayers.

This proceeding will implement the statutory requirements of SB 901 relating to the Commission's assessment of safety culture for regulated utilities, examine what methodologies should be employed in the safety culture assessments to ensure results are comparable across IOUs and can measure changes in IOU safety culture over time, consider requiring that IOUs implement specific safety management practices to improve safety culture through adoption of a Safety Management System standard, consider adopting a maturity model to use in safety culture assessments, and determine accountability metrics.

The Prehearing Conference discussed the adoption of a definition of "safety culture" by the Commission, the scope and mechanisms that should be adopted in a safety culture assessment framework, the schedule and process to be applied to safety culture assessments, and metrics and methodologies for measuring safety culture change.

Details: On April 28, the ALJ issued a Scoping Ruling that indicated the proceeding will be divided into more than one phase and determined the scope and schedule for Phase 1. Phase 1 will focus on developing safety culture assessments for the large investor-owned electric and natural gas corporations. Phase 2 will focus on developing safety culture assessments for the small multi-jurisdiction utilities and the gas storage operators.

Phase 1 issues to be determined or considered include defining "safety culture", the design of an inclusive and collaborative framework for conducting safety culture assessments that is focused on actual safety improvement, creating metrics and methodologies to evaluate the efficacy of the safety culture assessment process, and procedural matters related to the Phase 1 process timeframe, management, and coordination with other ongoing safety-related initiatives.

Analysis: This rulemaking will assess the safety culture of PG&E and other IOUs in California. It could impact VCE and its customers to the extent it succeeds or fails to influence PG&E's safety culture and hence the safety of VCE customers. It could also impact the rates VCE customers pay to PG&E to mitigate or address safety issues (e.g., wildfires caused by PG&E transmission equipment; explosions from PG&E natural gas infrastructure, etc.).

Next Steps: A series of Technical Working Group meetings will be held in June and July 2022, followed by a Staff Proposal in August 2022.

- **June 2022:** Safety Policy Division Technical Working Group Meetings #1 and #2
- **July 2022:** Safety Policy Division Technical Working Group Meetings #3 and #4
- **TBD:** All Party Consensus Workshop on Technical Working Group Topics
- **August 2022:** ALJ Ruling issuing Safety Policy Division Staff Proposal for Conducting Safety Culture Assessments and the Maturity Model for the Large Investor-Owned Electric and Natural Gas Corporations
- **September 2022:** Safety Policy Division Workshop on Staff Proposal
- **October 2022:** Opening Comments on Staff Proposal
- **November 2022:** Reply Comments on Staff Proposal

Additional Information: CPUC Safety Culture and Governance webpage; Scoping Ruling with procedural schedule (April 28, 2022); Webinar recording of the workshop (March 11, 2022); Order Instituting Rulemaking (October 7, 2021); Docket No. R.21-10-001.

2022-2023 Wildfire Fund Nonbypassable Charge Rulemaking

No updates this month.

Next Steps: The Department of Water Resources will issue a notice in September 2022 identifying the amount they calculate will be needed for the 2023 Wildfire Fund NBC.

Investigation into PG&E's Organization, Culture and Governance (Safety OII)

No updates this month.

Direct Access Rulemaking

No updates this month.

Glossary of Acronyms

AB	Assembly Bill
AET	Annual Electric True-up
ALJ	Administrative Law Judge
BEV	Business Electric Vehicle
BTM	Behind the Meter
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board
CEC	California Energy Commission
CPE	Central Procurement Entity
CPUC	California Public Utilities Commission
CPCN	Certificate of Public Convenience and Necessity
DA	Direct Access
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
GRC	General Rate Case
IEPR	Integrated Energy Policy Report
IFOM	In Front of the Meter
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
LSE	Load-Serving Entity
MCC	Maximum Cumulative Capacity
OII	Order Instituting Investigation
OIR	Order Instituting Rulemaking
PABA	Portfolio Allocation Balancing Account
PFM	Petition for Modification

PCIA	Power Charge Indifference Adjustment
POLR	Provider of Last Resort
PSPS	Public Safety Power Shutoff
PUBA	PCIA Undercollection Balancing Account
PURPA	Public Utility Regulatory Policies Act of 1978 (federal)
QC	Qualifying Capacity
QF	Qualifying Facility under PURPA
RA	Resource Adequacy
ReMAT	Renewable Market Adjusting Tariff
RPS	Renewables Portfolio Standard
TOU	Time of Use
TURN	The Utility Reform Network
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan
WSD	Wildfire Safety Division (CPUC)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO:	Board of Directors
FROM:	Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT:	Community Advisory Committee May 26, 2022 Meeting Summary
DATE:	June 9, 2022

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, May 26, 2022.

A. **Welcomed new CAC Members.** Newly appointed CAC Members Keith Taylor and Kristin Jacobs were welcomed to the Committee and provided a brief introduction of themselves to the group.

B. **Receive information on VCE forecasting – financial modeling.** Staff provided the second of two informational reports on financial and load forecasting focusing on total power costs and revenue modeling. Staff provided an overview of the report, answered questions and received feedback from the CAC Members. Items discussed were: long term forecasting and how to improve; challenges of forecasting PCIA and PG&E rates; reviewing differences in load forecasting if 10-year (vs. 20-year) average temperatures are used; and, subsidized investments and potential ways to reduce costs.

C. **Received report and provided feedback on draft Customer Rate structure.** This item regarding an additional rate option was brought to the CAC after analysis was provided to the CAC and Board in 2021, then postponed until mid-2022. Staff provided an updated draft customer rate/product options, incorporating the CAC's input from their April 2022 meeting. Staff and the CAC discussed the additional detail on adding another rate option and the CAC provided further input. Items discussed were: differences of Renewables Portfolio Standard (RPS) targets of the 3 rate options; the need for sensitivity analysis on customer tolerance of price and renewable content; impact on VCE message; and, marketing outreach and implementation of rate options, focusing on education and retention.

D. Reviewed and considered recommendation on updating VCE's Legislative and Regulatory Policy and Procedure process. Staff worked with VCE's lobbyist consultant and the CAC's Leg/Reg Task Group to update VCE's Legislative and Regulatory Action Policy and the CAC was presented with a draft Legislative Regulatory Policy and Procedure. The CAC recommended that the Board approve the Legislative and Regulatory Policy and Procedure after confirming that the policy and procedure does not violate the Brown Act and the annual formation of CAC Task Groups.

E. **Received update on Net Energy Metering (NEM) 3.0.** Staff provided a verbal update on Net Energy Metering (NEM) 3.0 California Public Utilities Commission (CPUC) proceeding and status. Staff informed the CAC that opening comments are due to the CPUC by June 10th with reply comments due by June 24th. Staff informed those present that VCE is not a party to this proceeding but that CalCCA is.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Board of Directors

FROM: Mitch Sears, Executive Officer

SUBJECT: Approval of Amendment 4 to Pacific Policy Group agreement extending the agreement and increasing the not to exceed amount

DATE: June 9, 2022

RECOMMENDATION
Authorize VCE's Executive Officer to execute an amendment to the Pacific Policy Group Agreement for lobbying services extending the term six (6) months from July 1, 2022 to December 31, 2022, with a total not to exceed additional amount of $30,000 for this time period.

BACKGROUND and ANALYSIS
In February 2019, VCE retained Mark Fenstermaker of Pacific Policy Group (PPG) as VCE's lobbyist to represent VCE on legislative matters at the capitol. The contract was for one year at a not to exceed amount of $60,000. Staff and PPG utilized the VCE Vision, Mission statement and Board actions and direction to identify priorities for VCE legislative activities. The agreement with PPG has been extended three times by the Board, at the same monthly rate, through June 2022.

With the 2021-2022 Legislative session in process, staff believes the continuance of VCE's direct engagement with the Legislature is important as key energy Bills continue to move through the process. In order to be effective and execute VCE's legislative platform, staff believes it is necessary to have an experienced lobbying presence in Sacramento. Staff continues to be satisfied with PPG's performance, responsiveness, and professionalism and is therefore recommending an extension of the existing contact for lobbying services.

The cost for the current recommended extension through December 2022 is at the same monthly rate for a total six (6) month agreement extension of $30,000. This amount has been budgeted in the Calendar Year 2022 operating budget.

CONCLUSION
Staff recommends approval of Amendment 4, extending VCE's agreement with PPG through December 31, 2022 and setting the total compensation for the period of July 1, 2022 through December 31, 2022 not to exceed $30,000.

Attachments:
1. PPG Amendment Four (4)
2. Resolution 2022-XXX

FOURTH AMENDMENT

TO THE AGREEMENT FOR CONSULTANT SERVICES

BETWEEN

VALLEY CLEAN ENERGY ALLIANCE

AND

PACIFIC POLICY GROUP, LLP

1. Parties and Date.

This Fourth (4th) Amendment to the Consultant Services Agreement ("#4 Amendment"), is made and entered into as of this __ day of _____ 2022, by and between Valley Clean Energy Alliance, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 ("VCE") and Consultant, a Pacific Policy Group, a Limited Liability Partnership ("PPG"), with its principal place of business at 1121 L Street, Suite 700, Sacramento, CA 95814 ("PPG"). VCE and PPG are sometimes individually referred to as "Party" and collectively as "Parties."

Recitals.

1. On February 1, 2019 VCE and PPG entered into an "Agreement for Consultant Services ("Agreement"), for the purpose of retaining Pacific Policy Group to provide the services described in Exhibit A of the Agreement. The Agreement was for a term of one (1) year and a total amount not to exceed $60,000.

2. On February 1, 2020 the VCE Board of Directors approved Resolution No. 2020-009 authorizing the Executive Officer to execute #1 Amendment to the Agreement, extending the term for 5 months for a new expiration date of June 30, 2020, and increasing the not to exceed amount by $25,000, for a total amount not to exceed $85,000. On June 11, 2020 the VCE Board of Directors approved Resolution No. 2020-018 authorizing the Executive Officer to execute #2 Amendment to the Agreement, extending the term for one year for a new expiration date of June 30, 2021 and for a not to exceed amount of $60,000. On April 8, 2021 the VCE Board of Directors approved Resolution 2021-007 authorizing the Executive Officer to execute #3 Amendment to the Agreement, extending the term for one (1) year for a new expiration date of June 30, 2022 and for a not to exceed amount of $60,000

3. VCE and PPG now desire to further amend the Agreement to extend the term by six (6) months for a new expiration date of December 31, 2022 and increase the not to exceed amount by $30,000 for a total amount not to exceed $90,000.

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

3.1 Section 1.4 Term of the Agreement is hereby amended in its entirety to read as follows:

1.4 Term. The term of this Agreement, which began on February 1, 2019 shall end on December 31, 2022, unless amended as provided in this Agreement, or when terminate as provided in Article 5.

3.2 Sections 4.1 Compensation of the Agreement is hereby amended in its entirety to read as follows:

4.1 Compensation. This is a "time and materials" based agreement. Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in **Exhibit D**. The total compensation as set forth in Amendment No. 3 shall continue through June 30, 2022. Thereafter and notwithstanding the provisions of Exhibit D, the total compensation for the period July 1, 2022 through December 31, 2022 shall not exceed Thirty Thousand ($30,000) without written approval of VCE. Extra work may be authorized, as described in the Agreement, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

4. Except as amended by this #4 Amendment, all other provisions of the Agreement will remain in full force and effect.

5. If any portion of this #4 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 #4 AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN VALLEY CLEAN ENERGY ALLIANCE AND PACIFIC POLICY GROUP

IN WITNESS WHEREOF, the Parties have entered into this #4 Amendment as of the _____ day of ______ 2022.

VALLEY CLEAN ENERGY ALLIANCE

By: ___________________________
Mitch Sears
Executive Officer

NAME OF CONSULTANT

By: ________________________________

Its: Principal and Co-Founder

Printed Name: Mark Fenstermaker

APPROVED AS TO FORM:

By: _________________________
Inder Khalsa
VCE Attorney

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2022- ____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT FOUR (4) TO THE PACIFIC POLICY GROUP AGREEMENT FOR LOBBYING SERVICES AND AUTHORIZING VCE EXECUTIVE OFFICER TO EXECUTE THE AMENDMENT

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

WHEREAS, VCE participates in the joint CalCCA Legislative group for monitoring of legislative bills that may have significant impact on CCA's, but VCE desired to have a lobbying and consulting firm that provided legislative advocacy services for VCE's specific interests;

WHEREAS, on February 1, 2019 an agreement was entered into between VCE and Pacific Policy Group, LLP, ("PPG") for lobbying services;

WHEREAS, through Amendments 1, 2 and 3, the Agreement was extended to expire June 30, 2022 and the not to exceed amounts were modified; and,

NOW, THEREFORE, the VCE Board of Directors hereby authorizes the VCE Executive Officer to execute on behalf of VCE Amendment Four (4) to the PPG Agreement for lobbying services attached hereto and incorporated herein extending term for six (6) months effective July 1, 2022 terminating December 31, 2022 for a total compensation not to exceed $30,000 for this time period, as set forth in the attached Exhibit A – Amendment Four (4) to PPG's Agreement.

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

____
Jesse Loren, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment: Exhibit A – Amendment Four (4) to Pacific Policy Group Agreement

EXHIBIT A

AMENDMENT FOUR (4) TO PACIFIC POLICY GROUP AGREEMENT

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Approval of Amendment Two (2) to Automate Mailing Services, Mailing House Vendor, to extend Agreement through December 31, 2023 and increase the agreement amount

DATE: June 9, 2022

RECOMMENDATION

Adopt a resolution authorizing the Executive Officer, in consultation with VCE Legal Counsel, to execute Amendment Two (2) to VCE's existing agreement with Automate Mailing Services (Automate) extending the termination date to December 31, 2023 and increasing the agreement amount by $51,750.

BACKGROUND & DISCUSSION

VCE and other CCAs print and send various mailings to customers for both regulatory and general communication purposes (e.g. Enrollment notices). Since October 2018, VCE has contracted with Automate Mailing Services for these services. After requesting informal proposals from various mailing house vendors, in October 2018, the VCE Board authorized the Interim General Manager to execute a two-year agreement with Automate for a not to exceed amount of $100,000. Then in November 2020 the Board approved through Amendment One (1) to the agreement extending it to expire on June 30, 2022 and increasing the not to exceed amount to $140,000.

The Automate agreement provides for printing, mailing and processing services for VCE's notices, letters and other bulk mailings. These services are time sensitive in nature and mission critical to the organization. Automate has provided prompt service, competitive market rates for contracted services, and has met or exceeded contract provisions. Based on the competitive rates and performance, staff is recommending an extension of the services agreement with Automate.

The recommended amendment would 1) extend the Automate agreement by 18 months to a new expiration date of December 31, 2023; 2) add $51,750 to the $140,000 ($100,000 original + $40,000 Amendment 1) for a new not to exceed amount of $191,750; and, 3) update Exhibit D – Budget, Payment, Rates to reflect the extension, new not to exceed amount, and update Automate's rates. All other provisions of the contract remain unchanged.

FISCAL IMPACT
The costs associated with providing mailing services are included in VCE's current adopted CY2022 budget and will be budget in the CY2023 budget. The proposed Automate agreement extension is consistent with the amount budgeted for these types of services.

ATTACHMENTS
1. Amendment Two (2)
2. Amended Exhibit D – Budget, Payment, Rates
3. Resolution 2022-XXX

SECOND AMENDMENT

TO THE AGREEMENT FOR CONSULTANT SERVICES

BETWEEN

VALLEY CLEAN ENERGY ALLIANCE

AND

AUTOMATE MAILING SERVICE

1. Parties and Date.

This Amendment No. Two (2) to the Consultant Services Agreement ("2nd Amendment"), is made and entered into as of this ________ day of 2022, by and between Valley Clean Energy Alliance, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 ("VCE") and Consultant, Automate Mailing Service, with its principal place of business at 326 La Grande Boulevard, Sacramento, California 95823 ("AMS"). VCE and AMS are sometimes individually referred to as "Party" and collectively as "Parties."

Recitals.

1. VCE and AMS entered into an "Agreement for Consultant Services," ("Agreement") dated October 18, 2018 and effective December 7, 2018, for the purpose of retaining AMS to provide the services described in Exhibit A of the Agreement. The Agreement was for a term of two (2) years and a total amount not to exceed $100,000.

2. On November 12, 2020 the VCE Board of Directors approved Resolution No. 2020-030, authorizing the Executive Officer to execute the Amendment No. One (1) to the Agreement, extending the term for eighteen (18) months, for a new expiration date of June 30, 2022, and increasing the not to exceed amount by $40,000, for a total amount not to exceed $140,000.

3. VCE and AMS now desire to further amend the Agreement to extend the term by an additional eighteen (18) months, through December 31, 2023 and increase the not to exceed amount by $51,750, for a total amount not to exceed $191,750.

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

3.1 Amendment. Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Term The term of this Agreement, as amended, shall began on December 7, 2018, and shall end on December 31, 2023, unless amended as provided in this Agreement, or when terminated as provided in Article 5.

3.2 Amendment. Section 4.1 of the Agreement is hereby amended in its entirety to read as follows:

4.1 Compensation This is a "time and materials" based agreement. Consultant shall receive compensation, including authorized reimbursements, for services rendered under this Agreement at the rates, in the amounts and at the times set forth in **Exhibit D**. Notwithstanding the provisions of Exhibit D the total compensation shall not exceed One Hundred Ninety-one Thousand, Seven Hundred Fifty and no/100 dollars ($191,750.00) without written approval of VCE. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

4. Amendment. Exhibit D of the Agreement are hereby replaced in its entirety by Exhibit D attached hereto.

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

6. 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 AMENDMENT NO. TWO (2)
TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN VALLEY CLEAN ENERGY ALLIANCE
AND AUTOMATE MAILING SERVICE

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. Two (2) as of the _____ day of ______ 2022.

VALLEY CLEAN ENERGY ALLIANCE

By: ___________________________
Mitch Sears
Executive Officer

AUTOMATE MAILING SERVICE

By: ________________________________

Its: President

Printed Name: Phillip Keely

APPROVED AS TO FORM:

By: _________________________
Inder Khalsa
VCE Attorney

EXHIBIT D

BUDGET, PAYMENT, RATES

BUDGET: $191,750 total not to exceed for mailing and/or printing needs covering through December 31, 2023.

The following rates can be used as guidelines for costs for future mailings and/or printing needs. Please note that these rates are subject to change.

STANDARD PRINT COSTS

8.5X5.5" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - $975

QTY 10,000 - $1225

QTY 25,000 - $1725

QTY 50,000 - $2625

QTY 75,000 - $3425

6 X11" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - $1100

QTY 10,000 - $1425

QTY 25,000 - $2025

QTY 50,000 - $3325

QTY 75,000 - $4325

2 PMS COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - $550

QTY 10,000 - $700

QTY 25,000 - $1000

QTY 50,000 - $1600

QTY 75,000 - $2200

FULL COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - $700

QTY 10,000 - $1125

QTY 25,000 - $2750

QTY 50,000 - $4750

QTY 75,000 - $6750

8.5X11 LETTERS 4/4 ON 60 OR 70 LB OFFSET

QTY 5,000 - $600

QTY 10,000 - $1000

QTY 25,000 - $2200

QTY 50,000 - $4100

QTY 75,000 - $6100

STANDARD MAILING COSTS

MINIMUMS SET AT 1,000

SETUP PRODUCTION - $25

SETUP DATA - $25

NCOA - $45

LETTER FOLDING - $10/THOUSAND

VARIABLE LETTER FOLDING - $15/THOUSAND

MACHINE INSERTING - $32/THOUSAND

APPLYING LIVE STAMPS - $10/THOUSAND

ADDRESS AND DELIVER LESS THAN 5000 PIECES - $35/THOUSAND

ADDRESS AND DELIVER MORE THAN 5000 PIECES - $25/THOUSAND

STANDARD POSTAGE RATES

FIRST CLASS LETTERS - $.43-$.49 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS LETTERS - $.25-$.33 PER PIECE

FIRST CLASS FLATS - $.56-$.89 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS FLATS - $.40-$.73 PER PIECE

LETTER DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	3 ½ INCHES	6 1/8 INCHES
LENGTH	5 INCHES	11 ½ INCHES

FLAT DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	6 1/8 INCHES	12 INCHES
LENGTH	11 ½ INCHES	15 INCHES

NOTES:

- **PRESORTED ("BULK") 1ST CLASS MAILINGS NEED MINIMUM OF 500 RECORDS/ADDRESSES**
- **PRESORTED 3RD CLASS NEEDS MINIMUM OF 250 RECORDS/ADDRESSES**

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2022 - ___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT TWO (2) TO THE AUTOMATE MAILING SERVICE FOR PRINTING, MAILING AND PROCESSING SERVICES AND AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AMENDMENT TWO

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

WHEREAS, on December 7, 2018 via Resolution 2018-027 between VCE and Automate Mailing Service (AMS), both parties executed an agreement for printing, mailing and processing services for VCE's notices, letters and other bulk mailings, said agreement was set to expire on December 7, 2020; and

WHEREAS, on November 10, 2020 via Resolution 2020-030, the Board approved Amendment One (1) extending the contract through June 30, 2022, increasing the not to exceed amount by $40,000.00 to the original $100,000 for a not to exceed amount of $140,000, and updating Exhibits A, C and D; and,

WHEREAS, both parties have agreed to extend the contract eighteen (18) additional months through December 31, 2023, increase the not to exceed amount by an additional $51,750 for a new not to exceed amount of $191,750; and, update Exhibit D – Budget, Payment, Rates.

WHEREAS, the new not to exceed amount of $191,750 through December 31, 2023 is within VCE's calendar year budget for 2022 and will be budgeted in calendar year 2023.

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

1. The Executive Officer is hereby authorized on behalf of VCE to execute Amendment Two (2) to the AMS Agreement for printing, mailing and processing services; which Amendment Two (2) is attached hereto as Exhibit A; and,
2. Amendment No. Two makes the following changes to the Agreement:
   a. the termination date is extended to December 31, 2023;
   b. the not to exceed amount is increased to $191,750; and,
   c. Exhibit D – Budget, Payment, Rates, is updated and replaced as set forth in the attached Amendment Two (2) to AMS' Agreement.

3. The Executive Officer is authorized to execute the agreement amendment substantially in the form attached hereto as Exhibit A on behalf of VCE, and, in consultation with legal counsel, is authorized to approve minor changes to the agreement so long as the term and price are not changed.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Jesse Loren, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

EXHIBIT A - Amendment Two (2) to Automate Mailing Service Agreement

EXHIBIT A

AMENDMENT TWO (2) TO
AUTOMATE MAILING SERVICE AGREEMENT

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
SUBJECT:	Resumption of Opt-Out Fees
DATE:	June 9, 2022

RECOMMENDATION

Resume opt-out fees beginning July 1, 2022; $5 residential accounts and $25 non-residential accounts. CARE/FERA (low-income) customers are exempt from fees and the Customer Care team will have the ability to waive fees if the fee is a hardship for the customer.

BACKGROUND and ANALYSIS

Opt-out fees are intended to partially offset the administrative cost of processing opt-out requests, and most CCAs have implemented them. From 2018-2020, the Board approved deferment of VCE's customer opt-out fees ($5 for residential and $25 for non-residential). Staff is recommending the resumption of opt-out fees as VCE opt-out rates have stabilized and the fee is small. Note: low-income customers (CARE/FERA) are exempt from the fees, and the Customer Care team has the ability to waive the opt-out fee if it represents a financial hardship for non-low-income customers.

Should there be considerable customer concern about the fees in Q3 (i.e. over 20% of opt-outs citing it as a concern during their opt-out process), staff will revisit waiving opt-out fees in Q4 2022.

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

SUBJECT: Progress update on 3-Year Programs Plan

DATE: June 9, 2022

The purpose of this report is to provide a progress update on VCE's 3-Year Programs Plan.

BACKGROUND

Plan Development

The 3-Year Programs Plan was adopted by the Board in June 2021. The Plan was designed to be consistent with and support the goals and objectives of the VCE Strategic Plan adopted by the Board in November 2020. The Plan built on the initial VCE Programs Plan developed in 2019 that guided early informational-based actions by VCE on energy efficiency and electric vehicles (EVs). These early actions were carried forward into the current Plan and have provided important lessons for design and execution of programs going forward. Additionally, staff has continued to update these educational items, and they have served as important resources for VCE's customers as well as program development.

Congruent with Programs Plan development, staff developed a rating process by which program concepts were evaluated, and a form for program implementation and design. Both the rating process and the form ensure that VCE's resources are devoted to programs that align with VCE's mission and strategic goals; and use resources efficiently and effectively.

3-Year Programs Plan Progress

Since the Programs Plan was implemented in June 2021, 3 programs have remained active, and 4 new programs have launched or are launching. Active (Phase 1) programs launched before the adoption of the 3-Year Programs Plan and have continued to be active, while new (Phase 2) programs were in the concept phase when the Programs Plan was adopted by the Board in June 2021 and have launched or will launch in summer 2022. Slightly less than half of VCE's existing Programs Fund ($105,000 of $224,000) has been allocated for programs budgets.

Active Programs (Phase 1):

- **Electrify Yolo: Electric Vehicle (EV) Chargers** through a Sacramento Area Council of Governments (SACOG) $2.9M grant: chargers have been installed in Winters; and Woodland, Davis and Yolo County have made significant progress toward installation. Expected project completion: on time, December 2023.
- **EV Information** has been updated regularly, including customer reference material about EV benefits, EV facts, Savings calculator (compared to internal combustion vehicles), EV model comparisons, CO2 reduction calculator, Rebates and incentives, and an EV charger finder.
- **Energy Efficiency Information**: the interactive graphic on VCE's website has served as a resource for customers seeking to make their homes more energy efficient, and an external stakeholder organization has requested to host the information on their website to cross-promote it.

New Programs (Phase 2):

- **Agricultural Flexible Irrigation Technology (AgFIT) Pilot:** VCE and pilot partners received $3.25M from the California Public Utilities Commission (CPUC) to incentivize farmers to save money while shifting peak irrigation load. The team, led by VCE, provides lucrative automation incentives, an easy-to-use irrigation scheduling application, and a dynamic pricing pilot tariff designed to save agricultural customers money when they shift load to less expensive times of the day. Launching June 2022.
- **OhmConnect**: working in partnership with OhmConnect to offer our residential customers incentives to shift load off of peak times of stress for the grid. Participating customers can buy a smart thermostat for 99 cents (up to $169.99 value), receive $10/month for participating, as well as the opportunity for cash and prize incentives for participating in load-shifting events. Launched August 2021.
- **Heat Pump Pilot Program**: Staff is working with stakeholder organizations on marketing, education and outreach to contractors, customers, and other stakeholders on home electrification rebates, incentives, financing and electrification strategy. Launched June 2022.
- **Electric Vehicle (EV) Rebate Program**: VCE will be providing rebates to customers who purchase a new EV. Low-income customers are eligible for rebates of $4,000, and all other eligible customers can receive $2,500 for battery electric vehicles and $2,000 for plug-in hybrids. Launching Summer 2022.

NEXT STEPS

Continue all active Phase 1 and Phase 2 programs and launch the EV Rebate Program in Summer 2022. The Heat Pump Pilot Program and the EV Rebate Program will be evaluated after 1 year of being active, and may progress into a second phase, depending on program effectiveness evaluations. Programs planning for 2023 is underway, with staff exploring potential programs for 2023 and beyond.

ATTACHMENT

1. VCE 3-Year Programs Plan

Valley Clean Energy

3-Year Programs Plan

June 2021 – June 2024

June 10, 2021

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EXECUTIVE SUMMARY

In 2020, Valley Clean Energy (VCE) crafted a Strategic Plan to better guide its organizational mission, vision, and strategies. The plan was adopted by the Board of Directors after significant feedback from the VCE Board, consultants, the Community Advisory Committee (CAC), and staff. The Strategic Plan lays out six goals and 32 objectives, and these goals are meant to guide VCE staff, the board, and the CAC in planning and decision-making for the next three years.

This Programs Plan is intended to complement VCE's Strategic Plan, to provide more details on programs to be developed over the next three years to support VCE's member communities. To accompany the Programs Plan, tasks will be tracked in a project management system so that the team can connect the strategic vision with their day-to-day tasks.

The Programs Plan focuses on two main strategies; to:

1) Promote the electrification of transportation, residential and commercial buildings, and agricultural operations.
2) Encourage and incentivize energy efficiency, demand response flexibility, and resiliency.

These strategies and goals will guide the development, deployment, and evaluation of VCE programs in the coming years. In particular, the Programs Plan seeks to advance: ***Goal 3: Prioritize VCE's community benefits and increase customer satisfaction and retention*** and its corresponding Objectives 3.1. – 3.7; and ***Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety;*** and corresponding Objectives 4.1. – 4.4. For a complete listing of the relevant objectives, see Appendix 3.

To ensure operational effectiveness, and alignment with the Strategic Plan, the Programs Plan will be reviewed by the Programs Task Group, the Community Advisory Committee, and the Board of Directors prior to adoption.

I. BACKGROUND

Valley Clean Energy Alliance—or VCE—started serving customers in June 2018 and is the official electricity provider for customers in the municipalities of Woodland, Davis, Winters, and unincorporated Yolo County. VCE purchases clean electricity and PG&E delivers the electricity through their distribution system (poles and wires).

VCE is locally controlled by a Board of Directors that is comprised of elected officials from the member jurisdictions. VCE maintains program control and revenues at home, where it can create jobs and build local clean energy installations—as many other California Community Choice Aggregation programs (CCAs) have already done. Whenever possible, VCE will reinvest dollars to boost the local economy by providing dividends and programs, while fostering a clean energy future.

In the first two+ years of operation, VCE has implemented the initial phase of programs primarily focused on educating customers about electric vehicles, energy efficiency, and PG&E incentive programs. This 3-year programs plan outlines programs to be delivered to the community and customers in the coming years as well as programs under consideration.

II. CURRENT PROGRAMS OVERVIEW

VCE staff is working closely with the Community Advisory Committee (CAC), particularly the Programs Task Group, and the VCE Board to help guide program development. Based on input from the CAC and the VCE Board, and recommendations from VCE staff, initial programs will focus on both building and transportation electrification and energy efficiency. Supporting program areas will include demand response and energy storage technologies that will favorably impact Resource Adequacy (RA) costs. Electrification and energy efficiency programs will target multiple customer segments including residential, commercial, agricultural, and industrial.

Due to increases in the Power Charge Indifference Adjustment (PCIA) and Resource Adequacy costs, initial program funding has been limited. For that reason, initial activities have been focused on low-cost programs that provide education of electrification and energy efficiency. Action in future years will be scaled with available funding. Additionally, VCE staff and the Programs Task group will be identifying supplementary funding opportunities from the state, the federal government, and other sources that will support a **Programs Fund Bank** to enable VCE to implement enhanced programs.

For each program, a Preliminary Program Design/Implementation Form will be developed with budget, timing, and metrics defined. VCE Staff will bring the Design/Implementation Form to the CAC and the Board for input and budget approval. The program tasks will be input and tracked in Monday.com.

Over the next several years it is expected that the PCIA will stabilize, per customer power procurement costs will go down, and these trends will free up additional funds for reinvestment in customer programs. Other key contextual factors that inform the Programs Plan include:

- Ongoing impacts of the pandemic
- Social equity challenges, particularly in light of COVID-19 related economic turmoil
- The climate crisis and member jurisdictions' increasingly robust Climate Action Plans, which include energy and EV elements related to VCE operations
- Innovative program models being advanced by other CCAs
- Potential grant funding opportunities and public/private partnerships.

III. KEY CONSIDERATIONS IN PLAN DEVELOPMENT

1. VCE'S COMMITMENT TO ENVIRONMENTAL JUSTICE

VCE is committed to promoting equitable outcomes for all customers, including vulnerable, low-income, and disadvantaged communities and communities of color. VCE is prioritizing equity and environmental justice in its programs by ensuring that rates for all customers remain affordable and competitive and that all qualifying low-income customers are fully enrolled in CARE rates and other discount programs and incentives.

On October 10, 2020, the Board of Directors unanimously approved VCE's Statement on Environmental Justice. The Statement is posted to VCE's web site at: Valley Clean Energy's Draft Statement on Environmental Justice.

Consistent the Statement, VCE will continue to explicitly integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs – to ensure *all* of our customers are well served.

To this end, VCE has been an active member of CalCCA's Equity Committee, which shares best practices for CCA programs, community engagement, and internal policies that focus on environmental justice and prioritize equitable outcomes for all customers.I In an effort to highlight which VCE programs have been curated with an enhanced emphasis on environmental justice, look for the VCE Environmental Justice badge under **PROGRAM STRATEGY ONE** and **TWO**.

2. COMMUNITY REINVESTMENT

The opportunity for community reinvestment is one of several universal benefits associated with forming a CCA program. CCAs are in a unique position to promote equitable access to and significant local participation in decisions related to the energy sector. In addition to the two main program strategies, VCE places a priority on reinvestment in the communities it serves. The two main programs VCE currently has in place that are focused on this priority are the Customer Dividend and NEM Donation programs described below.

- The **NEM (Net Energy Metering) Donation** program launched in January 2021. NEM customers are given the option to donate any credits they have from excess electricity generation to local charities. Upon launch, customers with over $100 in their credit balance were eligible to participate. VCE is evaluating changing the program to allow NEM customers with less than $100 in credits to participate.

- The VCE **Customer Dividend Program** is designed to reward VCE customers by sharing the benefits of VCE's positive financial performance after specific financial targets have been met. The dividend will be based on VCE's fiscal year net revenues determined by the VCE Board. VCE customers are automatically enrolled in the program once it becomes active. The program is not currently active.

The Programs Plan provides a foundation to establish additional programs that advance VCE's community reinvestment goals.

3. COMMUNITY ENGAGEMENT

VCE was created by and for the communities it serves. For this reason, VCE staff has begun the process of conducting stakeholder outreach to determine community priorities as it relates to VCE programs.

Generally, "Community Priorities" are unique attributes or impact areas that describe program outcomes that the public has identified as being most important. Community Priorities are one aspect of determining and identifying which programs would benefit VCE customers the most. To collect input on these priorities, VCE will conduct periodic surveys to enhance its understanding of customer and community priorities. VCE will provide links to community surveys to the VCE Board and CAC members in an effort to target the community and customer segments they represent to solicit feedback on program priorities.

This strategy aligns with the following goal and objective of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.6 ***Objective****: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.*

Furthermore, VCE intends to solicit responses by providing the surveys via VCE's social media, website, quarterly newsletter, key stakeholders, City and County officials, personal and professional connections, and diverse and/or underserved community groups.

IV. PLAN ORGANIZATION

1. PROGRAM STRATEGIES

The Programs Plan is organized around two basic program strategies that guide action and investment over the next three years:

1) Promote the electrification of transportation, residential and commercial buildings, and agricultural operations; and

2) Encourage and incentivize energy efficiency, demand response flexibility, and resiliency. These general strategies provide a frame for the types of programs that VCE will be focused on over the next several years.

2. PROGRAM PHASING

Program Phasing provides a set of factors that VCE will use to make high level evaluations of potential programs. Three Phases are established that help group potential programs by degree of readiness, availability of resources for implementation, and impact. The Program Phasing system is shown in Table 1 below.

Table 1 – Program Phasing System

Phase 1	Phase 2	Phase 3
Ongoing or to be initiated within the next year. 1. Achievable in the near-term. 2. Funding and other resources are available. 3. Building the foundation for ongoing a future project.	To be initiated within one to three years. 1. Anticipated, yet not immediate, deadline. 2. Funding requirements to be determined and funding sources identified or in development. 3. Necessary for planning and development of long-term actions.	No defined start date, likely longer than two years. 1. In the conceptual phase. 2. Additional information needed to inform an operational plan. 3. Funding not yet available.

The initial set of potential programs identified by VCE have been evaluated using the Program Phasing system outlined in Table 1 and are listed below. Each potential program is identified as either Program Strategy 1 (PS1) or Program Strategy 2 (PS2) and is described further in Appendix 1.

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

1. Maintain and Enhance EV Educational Resources *(PS1)*;
2. Deployment and Promotion of Electric Vehicle Charging Stations (EVCS) *(PS1)*;
3. Maintain and Enhance Educational Energy Efficiency Resources *(PS2);*

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

1. Agricultural Auto-Demand Response *(PS2);*
2. Demand Response and Free Thermostat for Residential Customers *(PS2);*
3. Agricultural Electrification *(PS1)*;
4. Promote Dual Fuel Heat Pumps for Space Conditioning *(PS1);*
5. All Electric Awards Residential and Commercial Program *(PS1);*
6. Electric Vehicle Rebates for Lower-income Customers *(PS1)*;
7. Provide Information on Self-Generation Incentive Program (SGIP) *(PS2);*

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

1. Electric Vehicle Ride and Drive Events in VCE Territory *(PS1)*;
2. Promote Induction Cooking as a Healthier, Climate-Friendly Alternative to Fossil Gas *(PS1);*
3. Disadvantaged Communities Green Tariff Program (DAC/GT) *(PS1);*
4. Increase DC Fast Charger Deployment *(PS1)*;
5. Expansion of Charging for Multifamily Apartments *(PS1);*
6. Develop a Residential and Commercial Battery Storage Program *(PS2);*

3. Program Preliminary Design/Implementation Form

All Phase 1 and certain Phase 2 programs with a high degree of readiness, availability of resources for implementation, and/or impact will be further analyzed using the Program Preliminary Design/Implementation Form. The Form is designed to provide the level of detail necessary for VCE to make an informed decision on the feasibility of implementation and priority of a particular program. A sample Program Preliminary Design/Implementation Form is included as Appendix 2.

V. PLAN/PROGRAMS EVALUATION

A Plan evaluation report will be completed annually with outcomes and recommendations presented to the Board.

The programs selected for implementation will be evaluated annually. The evaluation will include recommendations for program improvements including adjustments to future year goals, budgets, marketing plans, and other recommendations to improve program performance and customer satisfaction. On a more regular basis VCE staff and the PTG will reassess opportunities and feasibility of programs listed under the Phases one, two and three based on community feedback, budget, and VCE Board and CAC feedback. Metrics to assess program performance and strategies for collecting feedback from program participants will be incorporated into each Program Preliminary Design/Implementation Form. Underperforming programs will be evaluated for improvement or early cessation.

PROGRAM STRATEGY ONE *(PS1)*

Promote the Electrification of Transportation, Residential and Commercial Buildings, and Agricultural Operations

This strategy aligns with the following goals and objectives of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.2 ***Objective:*** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*

3.5 ***Objective:*** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

Goal 4. *Promote and deploy decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.*

4.1 ***Objective:*** *Working with variety of local, regional, and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.*

Phase 1 Programs:

Maintain and Enhance EV Educational Resources

Project: VCE offers educational resources and access to third party incentives to help customers switch to driving an EV, including information on: EV Benefits, EV Facts, Savings Calculator, CO2 Reduction Calculator, EV Model Options (and comparison tool), EV Credits and Rebates, and a Charger Locator.

Status: Tools and materials currently available on https://valleycleanenergy.org/electric-vehicles/.

Metric: Number of unique visits and engagement time on website.

Goal: 200 unique visits and an average of 2 minutes spent on the website and subsequent tools.

Timeframe: Launched December 2019. Program is ongoing.

Deployment and Promotion of Electric Vehicle Charging Stations (EVCS)

Project: VCE was awarded a $2.9M grant from the Sacramento Area of Council of Governments (SACOG) for installation of electric vehicle charging infrastructure and mobility hubs in Yolo County in partnership with the cities of Davis, Woodland, Winters, and unincorporated Yolo County.

Status: VCE has finalized MOUs with the City of Davis and Winters for installation of the EV Charging Stations. All projects are expected to be fully installed by 2022.

Metric: Number of EV chargers installed throughout jurisdiction.

Goal: 45 EV chargers installed.

Timeframe: Grant awarded 2019. MOUs complete in 2021. Installations complete 2023.

Phase 2 Programs:

Agricultural Electrification

Project: Enable customers to access agriculture incentives for upgrading from existing fossil gas farming equipment to fuel switching farming equipment such as tractors, forklifts, diesel-powered irrigation pumps, light/heavy duty trucks, coolers/boilers and more. Consider implementation of program model from Central Coast Community Energy. A simple application process would be designed for busy ag customers in mind.

Status: VCE met with Programs Manager at Central Coast Community Energy (3CE) to discuss 3CE's recent pilot Agriculture Program (launched July 2020). Project concept has been vetted by PTG, CAC, and internal staff.

Metric: Number of ag customers/ projects and GHG emissions reduced

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: 2021-2022

Promote Dual Fuel Heat Pumps for Space Conditioning

Project: When an air conditioner reaches the end of its useful life it can be replaced with a heat pump while retaining the furnace for backup heat. The incremental cost is minimal, it avoids the need to add a 230V circuit for the indoor unit, and natural gas use for heating can be nearly eliminated. This is an affordable, low risk first step toward electrification. Phase I activities will include developing and disseminating information resources on customer and climate advantages. Late Phase I and Phase II activities will include a pilot demonstration.

Status: Under development

Metric: Number of air conditioners replaced annually and GHG reductions

Goal: Five pilot project sites by end of 2021 or early 2022, launch program in 2022.
Feasibility: No technical barriers, strong likelihood of success
Timeframe: 2021-2022

All Electric Awards Residential and Commercial Program

Project: VCE staff conducted preliminary research on an "All Electric Awards Program" for residential and commercial customers, similar to Silicon Valley Clean Energy (SVCE). VCE is considering showcasing all electric homes, businesses, or gas-to-electric conversions on the VCE website under Programs to inspire and educate VCE customers.
Status: In concept development
Metric: Number of homes and businesses highlighted on VCE website.
Goal: 10
Timeframe: 2021-2022

Electric Vehicle Rebates for Lower-Income Customers

Project: Develop program infrastructure and disburse rebates for Electric Vehicles to income-qualifying customers for a limited time (approx. 3 months)
Status: Draft Preliminary Program Design/Implementation Form
Metric: Number of EVs procured with rebates.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD but likely to begin program implementation by August 2021

Phase 3 Programs:

Electric Vehicle Ride and Drive Events in VCE Territory

Project: Develop relationships with Ride and Drive event producers, local EV drivers, and car dealerships to host a free Ride and Drive event to promote the adoption of EVs in the VCE service territory.
Status: Concept in development. Proposal will be requested from at least two Ride and Drive event producers.
Metric: Number of Ride and Drive participants. Number of EVs purchased within six months of participating in Ride and Drive (if data is available – will depend on program investment level and event producer. Historic average is 12% of Ride and Drive event attendees purchase an EV within six months of the event.)

Goal: X event participants per Ride and Drive event. X events per year. X % of attendees procure an EV within six months.
Feasibility: High likelihood of implementation once conditions allow
Timeframe: TBD

Promote Induction Cooking as a Healthier, Climate-Friendly Alternative to Fossil Gas

Project: Enable customers to access electric induction stove incentives for upgrading from existing fossil gas cooktops and for new construction and kitchen remodels. Consider implementation of program model from Sonoma Clean Power which includes access to loaner induction cooktops.
Status: Currently outreaching to Building Decarbonization Coalition, partner CCAs, and PG&E to create VCE-specific program plan.
Metric: Number of induction stove tops provided to VCE customers on a loan/rental basis. Number of induction stove incentives provided.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD

Disadvantaged Communities Green Tariff Program (DAC/GT)

Project: This California Public Utilities Commission program enables income-qualified residential customers who live in disadvantaged communities (DACs, as defined in the State's CalEnviroScreen tool) to benefit from utility-scale clean energy and receive a 20% bill discount. Since this discount "stacks" with others, participants on the CARE program could receive close to a 50% total bill discount. Several CCAs are participating in this program. While VCE has a small number of customers that would qualify, savings could be substantial.
Status: Currently evaluating the feasibility of participation.
Metric: Number of customers served. Value of discounts received.
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

Increase DC Fast Charger Deployment

Project: Identify potential sites for DC Fast Charge stations in each VCE jurisdiction. Release a Request for Interest (RFI) to EVSE vendors to promote increased DCFC deployment. Identify and win grant funding that could leverage additional private investment in DC Fast Chargers.
Status: In concept development

Metric: Number of DC Fast Chargers installed.
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

<u>Expansion of EV Charging for Multifamily Apartments</u>

Project: Develop incentive program and technical resources to multifamily property owners to increase EV Charging access for apartment residents.
Status: In concept phase
Metric: TBD
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

///End of Strategy One\\\

PROGRAM STRATEGY TWO *(PS2)*

Encourage and Incentivize Energy Efficiency, Demand Response Flexibility, and Resiliency

This strategy aligns with the following goals and objectives of VCE's Strategic Plan:

Goal 3. *Prioritize VCE's community benefits and increase customer satisfaction and retention.*

3.2 ***Objective:*** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*

3.5 ***Objective:*** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

Goal 4. *Promote and deploy decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.*

4.1 ***Objective:*** *Working with variety of local, regional, and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.*

Phase 1 Programs:

Maintain and Enhance Educational Energy Efficiency Resources

Project: This currently operating program provides Energy Efficiency information on the VCE website – enabling residential customers to learn about smart home improvements that save energy, reduce carbon, and save money. The site links to state, federal, and PG&E rebates, and incentives – with updates provided on a regular basis.

Status: Site is regularly promoted on VCE social media.

Metric: Number of unique visits and engagement time on site. Number of inquiries from Call Center. Number and value of rebates.

Goal: 200 unique visits annually. Average of two minutes spent on the website.

Timeframe: Launched June 2020. Program is ongoing.

Phase 2 Programs:

Provide Information on Self-Generation Incentive Program (SGIP)

Project: VCE staff conducted preliminary research on Self Generation Incentive Program (SGIP) with PG&E and Sonoma Clean Power. VCE has procured lists of residential and commercial customers eligible for SGIP grant money. VCE is considering providing information on SGIP on the VCE website under Programs. In addition, VCE is considering conducting outreach to eligible customers and/or providing application assistance, similar to SCP.

Status: Currently outreaching to SMUD, partner CCAs, and PG&E to create VCE-specific program plan.

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: TBD

Agricultural Auto-Demand Response

Project: Provide assistance to agricultural customers to integrate irrigation pumping operations into Demand Response and other grid service programs to reduce energy costs for customers and VCE

Status: Program design and scope exploration ongoing with Polaris Energy Services

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.

Goal: TBD

Feasibility: High likelihood of implementation.

Timeframe: TBD

Demand Response and Free Thermostat for Residential Customers

Project: Engage customers to enroll in OhmConnect's free program and receive a free smart thermostat as part of their enrollment. Smart devices integrate with OhmConnect's platform and are deployed during energy saving events. Customers earn points by successfully participating in the events (shifting load), and the points are redeemable as cash or usable in OhmConnect's store to purchase more smart devices for the home.

Status: Program design and scope exploration ongoing with OhmConnect

Metric: Number of customers enrolled. Customer cost savings. VCE cost savings. kWh of load shift.
Goal: TBD
Feasibility: High likelihood of implementation.
Timeframe: TBD, but likely to deploy prior to August 2021

Phase 3 Programs:

Develop a Residential and Commercial Battery Storage Program

Project: Develop a residential and commercial battery storage program to enhance resilience for customers and reduce the impact of Public Safety Power Shutoff (PSPS) events.
Status: In concept development
Metric: TBD
Goal: TBD
Feasibility: Medium likelihood of implementation.
Timeframe: TBD

///End of Strategy Two\\\

APPENDIX 1: ACRONYMS

CARE - California Alternate Rates for Energy

DAC/GT – Disadvantaged Communities Green Tariff

EV – Electric Vehicle

EVCS - Electric Vehicle Charging Stations

EVSE – Electric Vehicle Supply Equipment

FERA - Family Electric Rate Assistance

FY – Fiscal Year (July – June)

GHG – Greenhouse Gases

JPA – Joint Powers Authority

NEM – Net Energy Metering

PG&E – Pacific Gas and Electric

PTG – Programs Task Group

PSPS – Public Safety Power Shutoff

RA – Resource Adequacy

SCP – Sonoma Clean Power

SGIP – Self Generation Incentive Program

SVCE – Silicon Valley Clean Energy

VCE – Valley Clean Energy

APPENDIX 2: VALLEY CLEAN ENERGY STRATEGIC PLAN GOALS RELATED TO PROGRAMS

C) CUSTOMERS AND COMMUNITY

VCE is a customer and community focused organization. We will use all available channels and platforms to cultivate relationships with and bring customer value to all segments of the communities we serve – including those that have been historically underserved/under resourced. These channels include leveraging existing outlets established by our member agencies, partnering with commercial customers to enhance their community presence, and re-engaging with those who have opted out. Partnerships with commercial and agricultural customers are particularly important to building VCE's brand in a region rooted in food production and innovation. Communicating our competitive rates and product and service benefits in clear and accessible ways will strengthen customer loyalty and enhance our financial standing, enabling us to better serve our communities.

Goal 3: Prioritize VCE's community benefits and increase customer satisfaction and retention.

- 3.1 Objective: Develop engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.
- 3.2 Objective: Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
- 3.3 Objective: Design and implement a strategy to more effectively engage local business and agricultural customers.
- 3.4 Objective: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE's service territory.
- 3.5 Objective: Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.
- 3.6 Objective: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.
- 3.7 Objective: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

D) DECARBONIZATION AND GRID INNOVATION

One of the key factors driving the formation of VCE was to address climate change and improve local resiliency. We will play a vital role in this decades-long endeavor, with the ongoing support of our community and our Board. In addition to providing carbon-free electricity, we are reinvesting in our region and expanding our toolset for furthering emissions reductions and energy resiliency by launching decarbonization and grid innovation programs. These programs represent the next stage in VCE's maturity and are the mechanism by which VCE will further engage our communities to achieve our mission. We will leverage partnerships, prioritize innovation and use data science to manage and influence carbon-free energy use. We will embody the entrepreneurial and innovative spirit of the community in which we live and work, the spirit of Yolo County, to bend the carbon curve downwards and improve the lives of our community members.

Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

4.1 Objective: Working with a variety of local, regional and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.
4.2 Objective: Develop a VCE decarbonization roadmap to guide near and long-term program decisions and offerings.
4.3 Objective: Increase participation in VCE's UltraGreen 100% renewable product.
4.4. Objective: Identify external funding sources to support decarbonization and grid-related programs and initiatives.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

To: Board of Directors

From: Mitch Sears, Executive Officer

Subject: Update VCE Legislative and Regulatory Policy and Procedure

Date: June 9, 2022

RECOMMENDATION
Adopt the resolution updating VCE's Legislative and Regulatory Policy and Procedure.

BACKGROUND and ANALYSIS
Since the VCE Board adopted the original Legislative policies and procedures in March 2018 for how VCE adopts positions on proposed legislation and regulations, VCE's advocacy structure and capabilities have matured. The original 2018 policies and procedures are attached for reference (Attachment 1). The initial policy/procedure was adopted *before* VCE took the following steps to enhance its effectiveness in the legislative (and regulatory) arena:

- Contracted with a professional lobbyist to represent VCE's interests before the Legislature. The lobbyist meets regularly with staff and the Leg/Reg Task Group to consider proposed legislation, impacts on VCE and possible VCE positions.
- Engaged a law firm to monitor key regulatory issues impacting CCAs, including advising VCE and periodically helping VCE to engage.
- Adopted (2020), and annually updated, a Legislative Platform to help guide VCE's policy engagement. VCE also adopted a Strategic Plan and an Environmental Justice Statement in 2021 that help guide VCE's legislative and regulatory policy.
- Established regular twice-monthly meetings of the Community Advisory Committee's (CAC) Legislative and Regulatory Task Group (LRTG) to assist staff and VCE's lobbyist in analyzing proposed legislation and regulations and to suggest strategic approaches to advancing VCE's interests.
- Regularly connected with VCE's Assembly Member and Senator, including their staff, on issues critical to VCE.
- Involved members of VCE's board of directors to directly lobby on legislation critical to VCE.

In addition, since 2018, VCE has been a member of CalCCA which has enhanced its legislative and regulatory team over the past several years so that it has a stronger presence in the legislative and regulatory arenas. This allows VCE to join with other CCA's to give a focused, robust voice on issues before the Legislature and regulatory bodies. Information on CalCCA's policy activities and structure can be found on their website at: [Policy – CalCCA (cal-cca.org)]

Proposed Updated Policy and Procedures
In light of these changes and after four years of experience, the following updated policies and procedures are proposed to guide VCE's engagement on legislative and regulatory issues. Note: due to the time constraints of legislation and the need to frequently take action quickly, the majority of the following policies and procedures apply to legislation, unless otherwise mentioned.

Policy

1. Working with staff and in consultation with and input from the LRTG, each legislative session, VCE's lobbyist will identify proposed legislation that may impact VCE. The Bills selected by VCE for potential action/monitoring will consider those identified by CalCCA, as well as others that may impact VCE. They will be divided into Priority 1, Priority 2 and Priority 3 categories as generally defined below. Note: factors such as available staffing and resources will determine the number of bills and level of engagement during a legislative session.

    a. Priority 1: Active Advocacy – Direct Connection to VCE Mission/Strategic Plan Goals. Bills that have a direct connection to VCE Mission/Strategic Plan Goals and thus warrant VCE taking a position and actively advocating for that position. These bills include those sponsored by CalCCA (or VCE), those authored by VCE's Assembly Member or Senator where VCE's engagement is strategically beneficial to VCE, and those where VCE anticipates the need for active involvement by VCE Board Members.

    b. Priority 2: Engagement/Focused Monitoring – Issues Related to VCE Mission/Strategic Plan Goals. Bills that warrant focused monitoring and potential support or opposition as the bills may impact VCE's Mission/Strategic Plan Goals if amended or if amendments sought by CalCCA are not accepted. Priority 2 bills may become Priority 1 bills at any time.

    c. Priority 3: Monitoring - Minimal direct or indirect impact on VCE Mission/Strategic Plan Goals but warrant monitoring as they address broader energy, utility, climate and/or sustainability topics. Priority 3 bills may become Priority 2 or 1 bills at any time.

2. Where appropriate, VCE will follow the positions adopted by CalCCA. In some instances VCE may choose to adopt a different position from that of CalCCA or may adopt positions on bills on which CalCCA has not adopted a position.

3. For CalCCA sponsored bills, and if time permits, those that CalCCA supports and opposes, as well as other Priority 1 bills, staff will seek CAC review and recommended VCE position prior to forwarding recommendations on the bill to the VCE board of directors for adoption of a VCE position.

4. The VCE board of directors will designate two board members (if not affirmatively designated then by default, Chair and Vice Chair) and the Executive Officer as having the authority to act on proposed legislation and regulations if time-sensitive action is necessary and it is not feasible to wait for the full board to consider the bill or regulation. The board will affirm the subcommittee's action at its next scheduled meeting. The LRTG and CAC will also be updated at their next meetings.

Procedures

a. Where feasible time-wise, Priority 1 and 2 bills will be considered by the LRTG to provide technical, policy and strategic input and if appropriate, a suggested VCE position. This may be accomplished at the LRTG's regular meetings, or through email or special meetings when action is time critical.

b. Staff will strive to refer the bills that have been considered by the LRTG to the CAC prior review by the VCE board for adopting a position. However, given the constraints that may impact VCE's effective legislative engagement, staff may bypass the CAC or LRTG in recommending a VCE position. If this occurs, staff will update the LRTG and CAC at their next meeting about the board's action.[1]

c. For proposed regulations, staff will work with CalCCA and VCE's regulatory consultant to determine whether VCE engagement is warranted. Because the regulatory process is typically not as compressed as the legislative process, regulations in which VCE may be involved, either as a party to a proceeding or as a commentor with CalCCA will, where possible, be considered by the LRTG, CAC and board of directors.

d. Periodically, staff will report to the CAC and board of directors on VCE's legislative and regulatory activities.

e. VCE's legislative letters and comments on regulatory proceedings will be posted on the [Legislation page](#) of the VCE website.

[1] Involving the LRTG, CAC and full VCE board in adopting a VCE legislative position may take 3-5 weeks, thus conflicting with the frequent need to act quickly due to recent amendments, failed negotiations to secure amendments or upcoming committee hearings. In such instances, staff may involve the board subcommittee described in #4 above to adopt a VCE position and implement follow-up action such as letters and lobbyist activities.

<u>CAC Recommendation</u>
Staff provided an updated Legislative and Regulatory Policy and Procedure to the CAC at their May 26, 2022 meeting. The policy and procedures were reviewed by the CAC and minor modifications were suggested which have been incorporated into the final recommended draft. The CAC recommend that the Board approve the attached updated Legislative and Regulatory Policy and Procedure (9-0-0).

CONCLUSION
Legislative and regulatory decisions have direct and indirect impacts on VCE and the CCA business model. Effective, timely, and efficient engagement by VCE is important to ensure that VCE is able to register it's views on critical issues. The proposed updated policy and procedures allow VCE to more effectively engage in legislative and regulatory issues.

Attachments
1. Resolution 2018-004 VCE Legislative and Regulatory Action Policy
2. Draft Legislative and Regulatory Policy and Procedure
3. Resolution 2022-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018-004

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING A LEGISLATIVE AND REGULATORY ACTION POLICY

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

WHEREAS, in order to achieve its strategic goals, VCEA must monitor and respond to legislative and regulatory matters in a timely and effective manner.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts a Legislative and Regulatory Action Policy (Exhibit A).

ADOPTED, this eighth day of February 2018, by the following vote:

AYES:	Chamberlain, Davis, Frerichs, Saylor, Stallard
NOES:	None
ABSENT:	Barajas
ABSTAIN:	None

Lucas Frerichs, VCEA Board Chair

~~Zoe Mirabile~~, VCEA Board Secretary

Approved as to form:

N/A

Interim VCEA Counsel

EXHIBIT A - Legislative and Regulatory Action Policy

EXHIBIT A

Legislative and Regulatory Action Policy

Exhibit A

POLICY AND PROCEDURES RELATED TO VCEA POSITIONS ON PROPOSED LEGISLATION AND REGULATIONS

Subject: Policy and Proceedure to identify and recommend positions on proposed legislation and regulatory matters

Purpose: The charge to the VCEA Community Advisory Committee (CAC) from the VCEA board states that the CAC should "Collaborate with VCEA staff with monitoring legislative and regulatory activities related to Community Choice Energy issues."

This policy and procedure is designed to implement the Board's direction by establishing a procedure for identifying the need for VCEA positions and for taking positions on identified proposed legislation and regulatory matters. This procedure is designed to enable VCEA to be nimble and to respond to requests for legislative or regulatory action in a timely manner, especially throughout the legislative session.

This policy and procedure is intended to work in conjunction with other polices allowing VCEA to respond to legislative and regulatory matters in an expedited manner .

Policy:

1. The CAC Legislative Task Group will monitor proposed regulatory and legislative actions to identify those on which a VCEA position is needed by reviewing the proposed legislation and regulations followed by CalCCA. The Task Group will also review positions recommended by CalCCA on those issues. If the CAC Task Group disagrees with a position recommended by CalCCA, the Task Group will forward its alternative recommendation, along with CalCCA's recommended position for comparison, as well as the positions recommended by CalCCA on the remaining issues, to the CAC. The CAC will review the Task Group's recommendations and forward its recommendations to the VCEA board. (VCEA is a member of CalCCA, a statewide trade-association representing CCAs throughout California, with a professional staff and legislative/regulatory expertise.)

2. The procedure outlined in Section 1 may be updated in the future (such as six months after launch of VCEA) to consider whether it would be beneficial to VCEA also to track and consider positions on proposed legislation and regulatory issues not included in the issues tracked by CalCCA, and if so, how VCEA would monitor the legislative and regulatory arenas to identify such issues.

3. The VCEA Board will designate two VCEA Board Members and the General Manager as having the authority to take action on proposed legislation and regulations, in consideration of the recommendations of the CAC and CalCCA, consistent with the policy adopted in Section 1 above.

4. The CAC legislative Task Group will review the materials provided by CalCCA and LEAN Energy throughout the year and will identify 2-4 high priority issues that VCEA may want to emphasize in its legislative and regulatory outreach efforts. The CAC will recommend criteria to explain why a bill or proposed regulation is considered a priority and will propose these criteria to the Board.

VALLEY CLEAN ENERGY

LEGISLATIVE AND REGULATORY POLICY AND PROCEDURE
(Updated _________ 20XX)

Purpose
Provide an updated guide to Valley Clean Energy's engagement in legislative and regulatory issues.

Policy

1. Working with staff and in consultation with and input from the LRTG, each legislative session, VCE's lobbyist will identify proposed legislation that may impact VCE. The bills selected by VCE for potential action/monitoring will consider those identified by CalCCA, as well as others that may impact VCE. They will be divided into Priority 1, Priority 2 and Priority 3 categories as generally defined below. Note: factors such as available staffing and resources will determine the number of bills and level of engagement during a legislative session.

    a. Priority 1: Active Advocacy – Direct Connection to VCE Mission/Strategic Plan Goals. Bills that have a direct connection to VCE Mission/Strategic Plan Goals and thus warrant VCE taking a position and actively advocating for that position. These bills include those sponsored by CalCCA (or VCE), those authored by VCE's Assembly Member or Senator where VCE's engagement is strategically beneficial to VCE, and those where VCE anticipates the need for active involvement by VCE Board Members.

    b. Priority 2: Engagement/Focused Monitoring – Issues Related to VCE Mission/Strategic Plan Goals. Bills that warrant focused monitoring and potential support or opposition as the bills may impact VCE's Mission/Strategic Plan Goals if amended or if amendments sought by CalCCA are not accepted. Priority 2 bills may become Priority 1 bills at any time.

    c. Priority 3: Monitoring - Minimal direct or indirect impact on VCE Mission/Strategic Plan Goals but warrant monitoring as they address broader energy, utility, climate and/or sustainability topics. Priority 3 bills may become Priority 2 or 1 bills at any time.

2. Where appropriate, VCE will follow the positions adopted by CalCCA. In some instances VCE may choose to adopt a different position from that of CalCCA or may adopt positions on bills on which CalCCA has not adopted a position.

3. For CalCCA sponsored bills, and if time permits, those that CalCCA supports and opposes, as well as other Priority 1 bills, staff will seek CAC review and recommended VCE position prior to forwarding recommendations on the bill to the VCE board of directors for adoption of a VCE position.

4. The VCE board of directors will designate two board members (if not affirmatively designated then by default, Chair and Vice Chair) and the Executive Officer as having the authority to act on proposed legislation and regulations if time-sensitive action is necessary and it is not feasible to wait for the full board to consider the bill or regulation. The board will affirm the subcommittee's action at its next scheduled meeting. The LRTG and CAC will also be updated at their next meetings.

Procedures

a. Where feasible time-wise, Priority 1 and 2 bills will be considered by the LRTG to provide technical, policy and strategic input and if appropriate, a suggested VCE position. This may be accomplished at the LRTG's regular meetings, or through email or special meetings when action is time critical.

b. Staff will strive to refer the bills that have been considered by the LRTG to the CAC prior to review by the VCE board for adopting a position. However, given the constraints that may impact VCE's effective legislative engagement, staff may bypass the CAC or LRTG in recommending a VCE position. If this occurs, staff will update the LRTG and CAC at their next meeting about the board's action.[1]

c. For proposed regulations, staff will work with CalCCA and VCE's regulatory consultant to determine whether VCE engagement is warranted. Because the regulatory process is typically not as compressed as the legislative process, regulations in which VCE may be involved, either as a party to a proceeding or as a commentor with CalCCA will, where possible, be considered by the LRTG, CAC and board of directors.

d. Periodically, staff will report to the CAC and board of directors on VCE's legislative and regulatory activities.

e. VCE's legislative letters and comments on regulatory proceedings will be posted on the Legislation page of the VCE website.

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[1] Involving the LRTG, CAC and full VCE board in adopting a VCE legislative position may take 3-5 weeks, thus conflicting with the frequent need to act quickly due to recent amendments, failed negotiations to secure amendments or upcoming committee hearings. In such instances, staff may involve the board subcommittee described in #4 above to adopt a VCE position and implement follow-up action such as letters and lobbyist activities.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2022- ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING UPDATED VALLEY CLEAN ENERGY LEGISLATIVE AND REGULATORY POLICY AND PROCEDURE

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

WHEREAS, on February 8, 2018, the Board via Resolution 2018-004 adopted a Legislative and Regulatory Action Policy; and,

WHEREAS, since the adoption of the Legislative and Regulatory Action Policy outlining procedures for how VCE adopts position proposed by legislation and regulations, VCE has contracted with a professional lobbyist, engaged a law firm to monitor key regulatory issues impacting CCAs, adopted and annually update a Legislative Platform to help guide VCE's policy engagement, and, receive assistant with review and recommendations through VCE's Community Advisory Committee; and,

WHEREAS, the Legislative and Regulatory Action Policy needs to be updated to guide VCE's engagement on legislative and regulatory issues.

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

1. Adopt the Legislative and Regulatory Policy and Procedure as outlined in Attachment A.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Jesse Loren, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment A: Legislative and Regulatory Policy and Procedure

ATTACHMENT A

LEGISLATIVE AND REGULATORY POLICY AND PROCEDURE

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 17

TO: Board of Directors

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

SUBJECT: Updated Draft Customer Rate/Product Options

DATE: June 9, 2022

RECOMMENDATION
Receive report and provide feedback on updated draft customer rate/product options.

OVERVIEW
In November 2021, the Board considered expanding customer rate options as part of a package of measures related to the adoption of VCE's 2022 customer rates and annual budget. The Board deferred consideration of an additional customer rate option to focus on rate adjustments to stabilize VCE's 2022 budget. The Board directed Staff to return in mid-2022 to continue the examination of a potential additional customer rate option.

The purpose of this report is to re-introduce the possible expansion of customer rate options, gather input from the Board, and suggest the next steps. Note: the Community Advisory Committee (CAC), has received reports/presentations on the potential to expand customer rate options at their last two meetings. A brief summary of key feedback/issues identified by the CAC is included in the Discussion section below.

BACKGROUND
Since VCE's launch in 2018, customers have been offered two rate options: (1) Standard Green default and (2) 100% renewable UltraGreen opt up. Standard Green is designed to offer higher renewable content over time at a price that is competitive with PG&E. UltraGreen offers 100% renewable content at a modest premium of approximately $7-10/mo for a typical residential customer.

Additional customer rate/product options were initially introduced to the Board in June 2020 during VCE's Fiscal Year 2020/21 budget process as a potential tool to help address ongoing fiscal challenges associated with power market and regulatory volatility. Based on Staff and CAC feedback, the Board directed Staff to continue to investigate additional customer rate options and bring back proposals for consideration. Following investigation/analysis in 2021, and in the context of spiking power and PCIA costs, the Board postponed consideration of additional rate options until mid-2022.

In November 2020, the Board adopted VCE's Strategic Plan for 2021 through 2023. This Plan identified six interrelated goals to guide VCE's activities over the 2021-2023 period. Plan goals included: Maintain and grow a solid financial foundation and manage costs to achieve long-term organizational health; and, Manage customer rates to optimize VCE's financial health while maintaining rate competitiveness with PG&E. These two policy statements form the basis for further examining VCE's customer rate/product options.

In late 2021, the Board adopted a cost-recovery rate policy approach to help support a more stable financial foundation, especially given ongoing regulatory (PCIA, RA) and power market conditions largely outside VCE's direct control. This report provides additional detail on customer rate/product options and seeks initial feedback on the proposed structure and the examination of potential risks.

DISCUSSION

Over the past several years, as detailed in multiple budget and rate reports/presentations, significant volatility exists in the regulatory and power market arenas, which has driven cost/revenue uncertainties in the energy sector. VCE, the CCA community, and VCE partners (regulatory, financial, and suppliers) anticipate continued uncertainty in the long-term forecasts of major cost drivers for CCA's (energy and Resource Adequacy). This uncertainty, in turn, places greater pressure on CCA's to adjust rates to recover costs largely outside their control and to maintain adequate reserves.

Since formation, like other CCA's, VCE has explored rate, product, and financial practices to help address these primary cost drivers that influence reserves accumulation, rate stability, establishing a credit rating, and expanding longer-term power purchase agreements. VCE's has taken actions over the past three years to mitigate these impacts which are outlined in the November 10, 2021 Board Item 16 found here.

Most recently, the Board adopted a cost recovery rate policy in November 2021 that included setting rates to cover costs and build reserves. As noted above, as part of the Board's consideration of a cost recovery rate policy, Staff presented an additional customer rate option concept to reinforce VCE's companion policy to provide cost competitive rates. This type of "least cost" customer rate option has been employed by several CCA's as an added measure to help create more certainty regarding customer retention/recruitment while increasing choice and expanding the potential appeal for new communities to consider joining a CCA. These key factors form the basis for VCE's exploration of an expanded set of customer rate options.

Comparable CCA programs - Update

As presented to the Board in November, multiple CCA programs in PG&E's service territory have adopted cost recovery based customer rate structures. An updated summary of these CCA programs is shown in Table 1 below.

Table 1 – CCA Survey – as of 04/22

CCA	IOU Territory	Customer Accounts	Number of Rate Options	% Difference to IOU Gen Rate (default product)	Renewable Content Target (default product)
Valley Clean Energy	**PG&E**	**63,509**	**2**	**0% (match)**	**42%**
Clean Power SF	PG&E	311,777	2	0% (match)	50%
East Bay Community Energy	PG&E	546,707	2	-1%	40%
MCE Clean Energy	PG&E	473,826	3	-6%	60%
Peninsula Clean Energy	PG&E	287,987	2	-5%	50%
Pioneer Community Energy	PG&E	87,704	2	-6%	33%
San Jose Clean Energy	PG&E	350,000	3	8%	60%
Silicon Valley Clean Energy	PG&E	225,973	2	-0.50%	50%
Sonoma Clean Power	PG&E	243,436	2	-0.50%	49%
Clean Power Alliance (Los Angeles area)	SCE	1,000,000	3	-6%	50%
Desert Clean Energy	SCE	37,375	2	14%	100%

Notes:
(1) The above information is based on recent publicly available data and is subject to change per IOU and/or CCA rate activities and PCIA adjustments.
(2) VCE's current year target renewable content rate is 20% due to cost-cutting strategies.
(3) Due to the PCIA structure, each CCA has a specific "vintage" date based on what year it launched service and how it phased in its customer base.

Draft Customer Product Structure

As presented in concept last November, the draft customer product structure with three cutomer rate options could be established by implementing a new "GreenSaver" option. The envisaged GreenSaver option could add two primary beneficial elements to VCE's existing product offerings. First, increased customer choice by adding a new least-cost customer option that could be priced approximately 0.5% below PG&E's base bundled product on a total bill basis. And second, the portfolio serving the GreenSaver option could be designed to provide 5% more renewable content than the State's RPS requirements, thus supporting an energy portfolio aligned with VCE's mission.

Figure 1 below summarizes the potential customer product options.

Figure 1 – Draft Customer Rate Structure (Design)

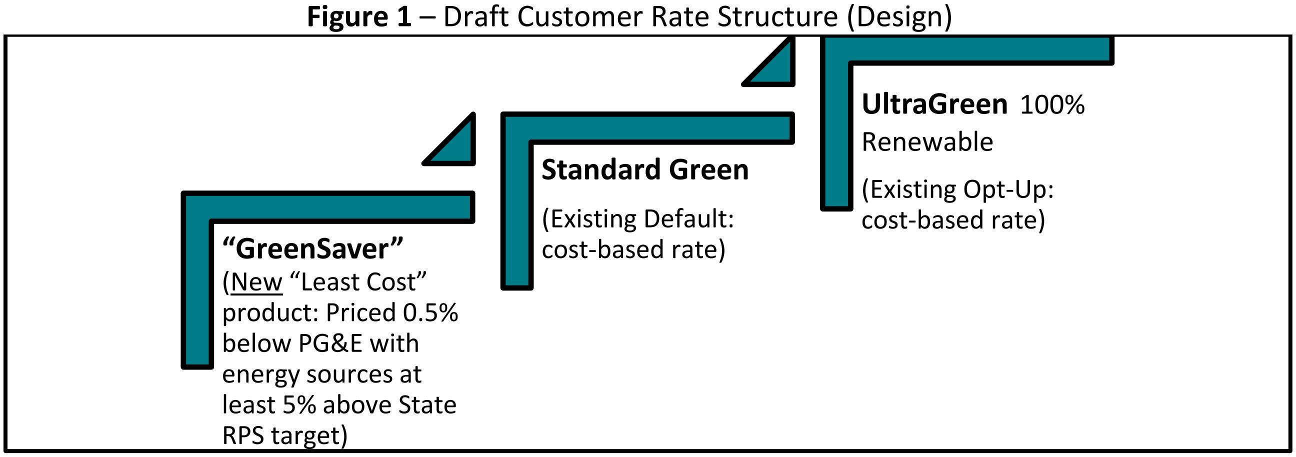

Table 2 below shows more detail on VCE's potential three customer rate options.

Table 2 – VCE Draft Customer Products (Content and Pricing Strategy)

Customer Rate Option	Rate	Portfolio	Notes
GreenSaver **<u>(new)</u>**	Less than PG&E (-0.5%) total bill comparison	5% above RPS requirements	• Ineligible to participate in customer dividend program; reduced access to full customer program benefits • CARE/FERA customers maintain the existing VCE multi-year portfolio mix for Standard Green default through 2023
Standard Green - Default **<u>(existing)</u>**	Cost-based	Maintain existing VCE multi-year portfolio mix	• Portfolio minimum percent renewable content above GreenSaver to maintain product differentiation • Eligible for customer dividend program and full customer program benefits
UltraGreen – Opt-up **<u>(existing)</u>**	Cost-based	Maintain existing 100% renewable portfolio	• Eligible for customer dividend program and full customer program benefits

Note: VCE's existing customer dividend program would continue to provide VCE with a mechanism to credit eligible customers when VCE reaches its financial/reserve objectives.

Based on staff research, CCA programs with additional customer product options and cost-recovery rates have not experienced significant "opt-out" or "opt down" activity. The research supports these general findings in both the residential and commercial/industrial sectors regardless of the CCA's age, geography, or size. Moreover, VCE would continue as planned to grow its overall environmentally beneficial portfolio content over the next five years regardless of the customer rate structure (i.e., 2 or 3 customer rate options).

<u>Sample monthly average bill comparison</u>

Staff recognizes the importance of evaluating the sensitivity of various levels of "opt-out"/" opt-down" scenarios and the relative impacts to the average bill. Based on the above-proposed rate/product structure and 2022 VCE rates, a sample monthly average bill comparison follows:

New “GreenSaver” customer option 5% above RPS target & lower on a total bill comparison to PG&E by 0.5%.

“Standard Green” is the current default “basis” rate with increased renewable energy priced to recover costs + build reserves.

***Sample Residential Cost Comparion**

GreenSaver	Standard Green	UltraGreen	PG&E
Approxmently 5% above RPS Target	45% Renewable 75% Carbon-free	100% Renewable 100% Carbon-free	**29% Renewable
Average Total Costs $171.15	Average Total Costs $172.46	Average Total Costs $180.97	Average Total Costs $172.46
Electric Generation $64.15	Electric Generation $65.46	Electric Generation $73.97	Electric Generation $79.46
PG&E Added Fees $14.00	PG&E Added Fees $14.00	PG&E Added Fees $14.00	PG&E Added Fees (Included in Generation)
PF&E Delivery Charges $93.00	PF&E Delivery Charges $93.00	PF&E Delivery Charges $93.00	PF&E Delivery Charges $93.00
Average lower by 0.5% of Total Bill (1-2% Gen Discount)		Average $7-10 Per Month	

*Typical Monthly Electric Charges based on typical usage of a rsidential customer in VCE servide area (547 KWH/Month) of PG&E rates and VCE rates effetive as of March 1, 2022 under the E-1 rate schedule. Actual differences may vary depending on usage, rate schedule nad other factors. Estimate provided is a monthly 12-month period.

**Note: Represents the mot resent (2019) power content data reported to the California Energy Commision's Power Source Disclosure Program

<u>Community Advisory Committee Feedback</u>

In March, Staff re-opened the discussion on additional customer rate options with the CAC. Staff presented an updated analysis of the materials presented to the CAC and Board in Fall 2021 and gathered initial feedback from the CAC. On May 26, Staff presented an updated draft customer rate/product option to the CAC based on their initial feedback from March. Staff is currently working to incorporate additional elements to address some of the following CAC feedback:

- Product Differentiation – Need distinct differences between the Standard Green and potential new "GreenSaver" products to establish value differentiation.
- Analysis of the duration needed to provide this option as VCE moves toward a 100% renewable future.
- Marketing framework for introducing the new product
- Organizational Cost/Benefit – Examine the value added by additional customer choice vs. the effort/value added and risk of customer "opt down."

Staff agrees that the rate structure design should incorporate a clear differentiation between the customer rate option portfolios to demonstrate the value of each option. The annual rate-setting process can help to review and propose any customer rate/option adjustments to the price, value pairing (RPS, community programs, etc.), and participation over time. Staff will return to the CAC in late June with an updated analysis and final draft recommendation.

Tentative Timeline

Prudent financial management decisions and the Board's direction have positioned VCE to consider this policy option for potential implementation in 2023. Staff proposes the following tentative timeline to enable adequate review regarding the advisability of adding an additional customer rate option beginning in early 2023. If the Board ultimately approves adding an additional customer rate option, VCE will develop an associated communications and outreach strategy pre and post implementation.

Schedule for Additional Customer Rate Option Consideration:

- *May 2022: CAC Introduction/feedback on updated draft rate options. - **Completed***
- June 2022: Board Introduction/feedback action on updated draft rate options. - **Current**
- June 2022: CAC consideration/recommendation on updated draft rate options.
- July 2022: Board consideration of final updated draft rate options. If adopted, an additional rate option would be implemented as early as January 2023.

CONCLUSION/NEXT STEPS

Staff recognizes that conditions outside VCE's direct control have impacted financial results. Adding a least-cost GreenSaver customer rate/product option gives customers an additional choice but does not alter VCE's overall portfolio or progress toward 2030 renewable goals. By allowing VCE to more easily set rates to meet costs/build reserves, it enhances local control, customer choice, cost competitiveness, and VCE's ability to execute local programs.

Staff is seeking initial Board feedback on the updated potential draft customer rate/product option. As noted in the proposed schedule, Staff will be returning to the CAC in June to incorporate feedback from the Board and CAC and bring recommendations back for Board consideration as early as July.