



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, July 11, 2024 at 5:30 p.m.
UC Davis – California Lighting Technology Center (CLTC)
633 Pena Drive, Davis, California 95618
Tour of CLTC starting at 5 p.m.
(Open to Public).**

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

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.

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

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

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

Video/teleconference information below to join meeting:

Join meeting via Zoom:

- a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.
(If your device does not have audio, please also join by phone.)

<https://us02web.zoom.us/j/83317077740>

Meeting ID: 833 1707 7740

b. By phone

One tap mobile:

+1-669-900-9128,, 83317077740# US

+1-669-444-9171,, 83317077740# US

Dial:

+1-669-900-9128 US

+1-669-444-9171 US

Meeting ID: 833 1707 7740

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: Lucas Frerichs (Yolo County, Chair), Bapu Vaitla (City of Davis, Vice Chair), Tom Stallard (City of Woodland), Jesse Loren (City of Winters), Jim Provenza (Yolo County), Will Arnold (City of Davis), Tania Garcia-Cadena (City of Woodland), Richard Casavecchia (City of Winters)

Alternate Board Members: Angel Barajas (Yolo County), Mayra Vega (City of Woodland), Donna Neville (City of Davis), Albert Vallecillo (City of Winters)

5:30 p.m. Call to Order

1. Welcome / Approval of Agenda

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

CONSENT AGENDA

- 3. Approve June 13, 2024 Board meeting Minutes.**
- 4. Receive 2024 long range calendar.**
- 5. Receive financial update May 31, 2024 unaudited financial statement.**
- 6. Receive legislative update provided by Pacific Policy Group.**
- 7. Receive July 2024 regulatory update provided by Keyes & Fox.**
- 8. Receive SACOG – Electrify Yolo Project update.**
- 9. Receive Customer Participation update (2nd Quarter Calendar Year 2024).**
- 10. Approve Amendment One (1) of The Energy Authority Consulting Agreement extending the term of the agreement. (Action)**

11. **Authorize Executive Officer to Approve Lockbox Agreement with River City Bank and The Energy Authority.**
12. **Authorize Executive Officer to Approve Power Purchase Agreements Legal and Prepay Counter Party Agreements.**
13. **Approve Memorandum of Understanding with Cool Davis. (Action)**

REGULAR AGENDA

14. **CAISO summer preparedness presentation. (Information)**
15. **Discuss and provide direction on VCE Renewable Energy Credits Optimization. (Information/Action)**
16. **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.
17. **Announcement/Adjournment:** *The Board's August 8, 2024 regular meeting has been cancelled.* The Board's next regular meeting is scheduled for Thursday, September 12, 2024 at 5:30 p.m. to be held at the City of Davis Community Chambers, located at 23 Russell Boulevard, Davis, California 95616.

CLOSED SESSION

Public comment on the closed session item only will be read at this time.

1. **Public Employee Performance Evaluation (§ 54957)**
Agency-designated evaluators: Lucas Frerichs (VCE Board Member) and Bapu Vaitla (VCE Board Member)
Unrepresented Employee: Executive Officer
 2. **Conference with Labor Negotiators Pursuant to Government Code Section 54957.6**
Agency-designated Negotiators: Lucas Frerichs (VCE Board Member) and Bapu Vaitla (VCE Board Member)
Unrepresented Employee: Executive Officer
- **Report out from Closed Session.**

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

Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org . If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Board and the public during the meeting subject to the usual time limit for public comments [two (2) minutes].

General written public comments will be read during Item 2, Public Comment. *Written public comment on individual agenda items should include the item number in the "Subject" line for the e-mail and the Clerk will read the comment during the item.* All written comments received will be posted to the VCE website.

Verbal public participation during the meeting:

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 3

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from June 13, 2024 meeting
DATE: July 11, 2024

RECOMMENDATION

Receive, review and approve the attached June 13, 2024 meeting Minutes.

Attachment: June 13, 2024 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 13, 2024**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, June 13, 2024 at 5:30 p.m. to be held at City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. VCE Vice Chair Babu Vaitla established that there was a quorum present and began the meeting at 5:34 p.m.

Board Members Present: Babu Vaitla, Jim Provenza, Tania Garcia-Cadena, Richard Casavecchia, Will Arnold

Members Absent: Lucas Frerichs, Tom Stallard, Jesse Loren

Welcome and Approval of the Agenda Vice Chair Vaitla welcomed the Board members. Director Arnold made a motion to approve the Agenda, seconded by Director Garcia-Cadena. Motion passed with Frerichs, Stallard and Loren absent.

Public Comment – General and Consent Vice Chair Vaitla asked if any Board Members wished to move items off the Consent Agenda to the Regular Agenda for further discussion. There were no written or verbal public comments. The Board Clerk informed those present that the May 9, 2024 meeting Minutes have been corrected to indicate the correct vote on Item 12 – Approve VCE’s Load Management Standards (LMS) Plan.

Approval of Consent Agenda / Resolutions 2024-007 Motion made by Director Arnold to approve the consent agenda items, seconded by Director Provenza. Motion passed with Frerichs, Stallard, and Loren absent. The following items were:
4. approved May 9, 2024 Board meeting Minutes as amended;
5. received 2024 long range calendar;
6. received financial update April 30, 2024 (unaudited) financial statement;
7. received May 2024 regulatory update dated June 5, 2024 provided by Keyes & Fox;
8. received final 2023 financial Audit report;
9. supported Administration’s proposed budget trailer bill language to raise statutory cap on the Energy Resources Program Account (ERPA);
10. approved Third (3rd) Amendment of the renewable power purchase agreement with Leeward Renewable Energy to address changes in the commercial operation date of the Willy 9 Chap 2 facility as Resolution 2024-007; and,



11. reappointed Lorenzo Kristov, Keith Taylor and Danielle Ballard to the three (3) At-Large seats for a three (3) year term to expire in June 2027 (Class 3); appointed Ari Halberstadt to the vacant City of Davis jurisdiction seat for two (2) years to expire in June 2026 (Class 2); and, directed staff to continue to solicit candidates for vacant unincorporated Yolo County jurisdiction seat until filled.

VCE Executive Officer congratulated the reappointment/appointments of applicants to the Community Advisory Committee (CAC).

Item 12: Receive legislative update and presentation by Pacific Policy Group. (Information)

VCE Executive Officer Mitch Sears introduced this item and introduced Mark Fenstermaker of Pacific Policy Group. Mr. Fenstermaker reviewed legislative dates and deadlines, significant energy legislation over the past few years, budget problems impacting bill decisions, legislative bills being discussed, and California Public Utilities Commission's (CPUC) decisions on Net Energy Metering (NEM) and Income-Graduated Fixed Charges (IGFC). He briefly reviewed the budget deficit, projected budget deficit for fiscal year 2025-26, reduced and deferred energy, and future opportunities.

The Board briefly discussed how program monies are distributed.

There were no verbal or written public comments.

Item 13: Receive VCE Power Purchase Agreement prepayment presentation by PFM Financial Advisors. (Information)

VCE Staff Edward Burnham introduced Michael Berwanger of PFM Financial Advisors, VCE's consultant. Mr. Berwanger provided an overview of energy prepayment, background, the goals and how it works, including the prepayment structure, how savings are generated, and presented a risk analysis.

VCE Staff reiterated that this prepayment opportunity is not an investment credit rating requirement; that VCE will be issuing a Request for Proposals (RFP); and, Staff will be bringing options to the Board, possibly as soon as July.

There were no verbal or written public comments.

Item 14: Receive Mid-Year 2024 financial update. (Information)

Mr. Sears introduced this item. Mr. Burnham provided a Mid-Year 2024 financial update. He reviewed the 2024 rates and budget background, long term outlook, and retail load forecast versus actual with 50% of load forecast is during peak season (May through September). Mr. Burnham continued to review the 2024/25 outlook, factors impacting forward power and Resource Adequacy (RA) costs, and the effects of PG&E 2025 PCIA and



rates proceedings. He reviewed 2025 Slice of Day (SOD) compliance outlook and other considerations, and mitigation strategies to reduce costs. Lastly, he reviewed next steps with Staff returning in September 2024 with possible power cost mitigation ideas and a financial forecast update.

Mr. Sears informed those present that VCE has been working with CalCCA on having Ex-parte meetings with CPUC Commissioner’s offices on Slice of Day and CCA’s inability to transact; and, asking to delay the compliance year, currently set for 2025.

The Board and Staff briefly discussed if there were any remedies for transactability and hour by hour versus “block” demand. There were no written public comments.

Verbal Public Comment: Christine Shewmaker reiterated VCE’s goals, emphasizing 100% renewable energy goal by 2030, impacts of Slice of Day to VCE’s portfolio, and the purchase of RECs impacts in the short term. She hopes that this will not deter VCE in reaching its long term goal of clean energy.

Item 15: Board Member and Staff Announcements

There were no Board Member announcements. Mr. Sears informed those present that the Celebrate Davis event held on Friday, May 17th was a success with many people visiting the VCE booth. VCE has an intern, Catherine Rowen, coming on board. She will be focusing on exploring virtual power plants. He and Board Member Will Arnold attended a day and a half energy efficiency conference, where Mr. Sears presented information on dynamic pricing. The conference covered a wide range of topics and focused on where energy efficiency and policies are headed. Mr. Sears reminded those present that the Board’s July regular meeting will be held at the UC Davis – California Lighting Technology Center (CLTC) with a tour of the facility at 5 p.m. prior to the Board’s regular meeting.

Announcement / Adjournment

The Board’s next regular meeting is scheduled for Thursday, July 11, 2024 at 6 p.m. with a tour of the facility starting at 5 p.m. to be held at the UC Davis – California Lighting Technology Center (CLTC) located at 633 Pena Drive, Davis, California 95618. There being no further business to discuss the meeting was adjourned at 6:43 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 4

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2024 Long-Range Calendar

DATE: July 11, 2024

Recommendation

Receive and file the 2024 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

Attachment: 2024 Board and CAC long range calendar

VALLEY CLEAN ENERGY
2024 Meeting Dates and Proposed Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 11, 2024	Board (Woodland)	<ul style="list-style-type: none"> Oaths of Office for Board Members [new Members(s) only] Election of Officers for 2024 (Annual) 2023 Year End Review: Customer Care and Marketing Customer Participation Update 	<ul style="list-style-type: none"> Action Nominations Information Information
January 25, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Customer Participation Update Brown Act & Social Media Platforms Review CAC Task Group “Charges” AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works 2024 Budgets and Rates 	<ul style="list-style-type: none"> Information Information Discussion/Action Information Information
February 8, 2024 CANCELLED	Board (Davis)	<ul style="list-style-type: none"> MEETING CANCELLED 	
February 22, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service (received public comment, tabled item) Resource Adequacy – Slice of Day 	<ul style="list-style-type: none"> Information Discussion/Action Information
March 14, 2024 CANCELLED	Board (Woodland)	<ul style="list-style-type: none"> Cancelled due to a lack of quorum 	
March 28, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service 2023 Net Margin Allocation BioMAT Program 	<ul style="list-style-type: none"> Discussion/Action Discussion Information
April 11, 2024	Board (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) Receive Enterprise Risk Management Report (Bi-Annual) Customer Participation update (1st Quarter 2024) Update to VCE Conflict of Interest Code 	<ul style="list-style-type: none"> Information Information Information Action

		<ul style="list-style-type: none"> • Calendar Year 2023 Audited Financial Statements (James Marta & Co.) • 2023 Net Margin Allocation • ERRO/Concierge Service 	<ul style="list-style-type: none"> • Action • Discussion/Action • Discussion/Action
April 16 – 18, 2024	CalCCA Annual Conference San Jose	VCE Staff and some Board and CAC members attending	
April 25, 2024	Advisory Committee (Davis)	• NO MEETING	•
May 9, 2024	Board (Woodland)	<ul style="list-style-type: none"> • Update on SACOG Grant – Electrify Yolo • Resource Adequacy “Slice-of-Day” • Load Management Standards Plan • Recap of CalCCA April 2024 Annual Conference 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Information
May 23, 2024	Advisory Committee (Yolo County Community Services Dept., Cache Creek Room, Woodland)	<ul style="list-style-type: none"> • Load Management Standards • Customer Participation update (1st Quarter 2024) • Reserves Policy / Dividend Program update • BioMAT Program 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Discussion/Action
June 13, 2024	Board (Davis)	<ul style="list-style-type: none"> • Re/Appointment of Members to Community Advisory Committee (Annual) • Mid-Year 2024 Financial Update • Legislative update provided by Pacific Policy Group 	<ul style="list-style-type: none"> • Action • Information • Information
June 27, 2024	Advisory Committee (Davis)	• Power Procurement / Renewable Portfolio Standard Update	• Information
July 11, 2024	Board UC Davis – CA Lighting Technology Center, Davis	<ul style="list-style-type: none"> • Status of SACOG Grant – Electrify Yolo • Customer Participation Update (2nd Quarter 2024) • Resource Adequacy “Slice of Day” update • Updated VCE Financial Reserve Policy and Dividend Program Guidelines 	<ul style="list-style-type: none"> • Information/Discussion/Action • Information • Information/Discussion • Action
July 25, 2024	Advisory Committee	• NO MEETING*	

*No meeting unless an urgent matter needs to be addressed

	(Woodland)		
August 8, 2024	Board (Davis)	<ul style="list-style-type: none"> • NO MEETING* 	
August 22, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Customer Participation Update (2nd Quarter 2024) 	<ul style="list-style-type: none"> • Information
September 12, 2024	Board (Woodland)	<ul style="list-style-type: none"> • Certification of Standard and UltraGreen Products / 2023 Power Content Label (Annual) • Enterprise Risk Management Update (Bi-annual) 	<ul style="list-style-type: none"> • Action • Information
September 26, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Receive Board Staff Report on Certification of Standard and UltraGreen Products / 2023 Power Content Label • Outreach and Marketing Plan update (placeholder) 	<ul style="list-style-type: none"> • Information/Discussion • Discussion/Action
October 10, 2024	Board (Davis)	<ul style="list-style-type: none"> • Update on SACOG Grant – Electrify Yolo • 2024 Operating Budget Update and 2025 preliminary Operating Budget • Customer Participation Update (3rd Quarter 2024) • Progress Update on Programs Plan and 2025 program concepts • Legislative End of Session Update • Outreach and Marketing Plan update (placeholder) 	<ul style="list-style-type: none"> • Information • Information • Information • Discussion/Action • Information • Discussion/Action
October 24, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • 2023 Power Content Label outreach • Customer Participation Update (3rd Quarter 2024) • Draft 2025 Legislative Platform 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action
November 14, 2024	Board (Woodland)	<ul style="list-style-type: none"> • 2025 Operating Budget Update • 2023 Power Content Label outreach • 2025 Legislative Platform 	<ul style="list-style-type: none"> • Information/Discussion • Information • Discussion/Action
November 28, 2024 November 21, 2024 (rescheduled to November 21 due to Thanksgiving holiday on Nov. 28th)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • GHG Free Attributes • Legislative End of Session Update • 2025 Budget Update/Preview • Review and finalize CAC Task Group Year-end Reports 	<ul style="list-style-type: none"> • Information • Information • Information • Discussion
December 12, 2024	Board (Davis)	<ul style="list-style-type: none"> • Approve 2025 Operating Budget (Annual) and 2025 Customer Rates • GHG Free Attributes • Receive VCE Grant/Program activity summary • Receive CAC Year-end Task Group Reports 	<ul style="list-style-type: none"> • Discussion/Action • Action • Information • Information

*No meeting unless an urgent matter needs to be addressed

December 26, 2023 December 19, 2024 (rescheduled to December 19 due to Christmas holiday on Dec. 25 th)	Advisory Committee (Davis)	<ul style="list-style-type: none"> • 2025 CAC Task Group(s) formation (Annual) • Power Procurement / Renewable Portfolio Standard Update • Election of Officers for 2025 (Annual) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Nominations
January 9, 2025	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2025 (Annual) • Customer Participation Update (4th Quarter 2024) • 2024 Year in review: Customer Care & Marketing 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information
January 23, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2025 Update • Customer Participation Update (4th Quarter 2024) • Review 2025 Task Group “Charges” 	<ul style="list-style-type: none"> • Information • Information • Discuss/Action

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<u>ESTIMATED MEETING DATE(S)</u>
Electric Vehicle Rebate Program – Phase 2	TBD
Inflation Reduction Act (IRA) opportunities	TBD
Regionalization (Information)	TBD
Self Generation Incentive Program (SGIP)	TBD
Agri-voltaics (for information only)	TBD
Status of Net Billing Tariff (NBT)/Solar Billing Plan (SBP) (as needed)	
Legislative Items (as needed)	

*No meeting unless an urgent matter needs to be addressed

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 5**

TO: Board of Directors

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

SUBJECT: Financial Update – May 31, 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 2024

DATE: July 11, 2024

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of May 1, 2024 to May 31, 2024 (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 2024.

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 May 31, 2024.

Financial Statements for the period May 1, 2024 – May 31, 2024

In the Statement of Net Position, VCE, as of May 31, 2024, has a total of \$36,342,470 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On May 31 2024, VCE's net position was \$43,558,878.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,150,654 of revenue (net of allowance for doubtful accounts), of which \$7,004,677 was billed in May, and \$4,033,150 represent estimated unbilled revenue. The cost of electricity for the May revenue totaled \$3,920,722. For May, VCE's gross margin was approximately 72% and the net income totaled \$2,045 ,218. The year-to-date change in net position was \$7,135,702.

In the Statement of Cash Flows, VCE cash flows from operations were \$5,296,129 due to May cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending May 31, 2024

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

- Electric Revenue – (\$4,854,512) and -13% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter and lower spring temperatures reducing agriculture and residential revenues compared to forecast.
- Purchased Power – \$372,527 and 2% – Favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, lower energy prices, and lower spring temperatures reducing agriculture and residential usage compared to forecast.
- Reimbursable Revenues \$608,500 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.
- General Programs Costs \$159,448 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$471,814 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.

Attachments:

- 1) Financial Statements (Unaudited) May 1, 2024 to May 31, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending May 31, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF May 1 TO May 31, 2024

PREPARED ON July 7, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
 May 31, 2024
 (UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 36,342,470
Accounts receivable, net of allowance	9,713,517
Accrued revenue	4,033,150
Prepaid expenses	90,870
Inventory - Renewable Energy Credits	-
Other current assets and deposits	3,700,487
Total current assets	53,880,494

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	1,100,000

TOTAL ASSETS	\$ 54,980,494
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LIABILITIES

Current liabilities:

Accounts payable	\$ 363,115
Accrued payroll	141,977
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	7,037,505
Other accrued liabilities	2,070,106
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	10,636
Total liabilities	11,421,617

TOTAL LIABILITIES	\$ 11,421,617
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NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	41,618,878
Total net position	\$ 43,558,878

TOTAL NET POSITION	\$ 43,558,878
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VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
May 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING May 31, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 6,150,654	\$ 32,567,951
Other revenue	-	-
TOTAL OPERATING REVENUES	6,150,654	32,567,951
OPERATING EXPENSES		
Cost of electricity	3,920,722	23,188,526
Contract services	15,572	961,706
Staff compensation	132,876	714,116
General, administration, and other	103,634	856,408
TOTAL OPERATING EXPENSES	4,172,805	25,720,757
TOTAL OPERATING INCOME (LOSS)	1,977,849	6,847,194
NONOPERATING REVENUES (EXPENSES)		
Interest income	67,369	288,508
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	67,369	288,508
CHANGE IN NET POSITION		
Net position at beginning of period	2,045,218	7,135,702
Net position at end of period	\$ 7,759,366	\$ 43,558,878

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
May 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING May 31, 2024	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,150,654	\$ 32,567,951
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	631,397	
Payments for contract services, general, and administration	(119,206)	(1,818,115)
Payments for member agency services	-	-
Payments for staff compensation	(132,876)	(714,116)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	6,529,968	30,035,720
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	67,369	288,508
Net cash provided (used) by investing activities	67,369	288,508
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	30,845,132	28,579,933
Cash and cash equivalents at end of period	37,442,470	58,904,161
Cash and cash equivalents included in:		
Cash and cash equivalents	36,342,470	57,804,161
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 37,442,470	\$ 58,904,161

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
 May 31, 2024
 (WITH YEAR TO DATE INFORMATION)
 (UNAUDITED)

	<u>FOR THE PERIOD ENDING May 31, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,977,849	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used)		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	802,648	(593,095.56)
(Increase) decrease in accrued revenue	(756,843)	313,839.15
(Increase) decrease in prepaid expenses	(4,732)	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(15,670)	15,756.69
Increase (decrease) in accounts payable	3,820,301	(54,547.41)
Increase (decrease) in accrued payroll	(14,006)	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	686,357	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	34,064	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	<u>\$ 6,529,968</u>	<u>\$ 3,639,825</u>

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 05/31/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 32,855,988	\$ 37,710,500	\$ (4,854,512)	-13%
Electric Revenue	\$ 32,567,481	\$ 36,892,000	\$ (4,324,519)	-12%
Interest Revenues	\$ 288,508	\$ 210,000	\$ 78,508	37%
Reimbursable Revenues	\$ -	\$ 608,500	\$ (608,500)	-100%
Purchased Power	\$ 23,188,527	\$ 22,816,000	\$ 372,527	2%
Purchased Power Base	\$ 23,188,527	\$ 21,729,000	\$ 1,459,527	7%
Purchased Power Contingency 5%	\$ -	\$ 1,087,000	\$ (1,087,000)	-100%
Labor & Benefits	\$ 696,141	\$ 680,000	\$ 16,141	2%
Salaries & Wages/Benefits	\$ 587,320	\$ 560,000	\$ 27,320	5%
Contract Labor	\$ 35,705	\$ 85,000	\$ (49,295)	-58%
Human Resources & Payroll	\$ 73,117	\$ 35,000	\$ 38,117	109%
Office Supplies & Other Expenses	\$ 125,165	\$ 143,000	\$ (17,835)	-12%
Technology Costs	\$ 38,160	\$ 16,000	\$ 22,160	139%
Office Supplies	\$ 6,281	\$ 5,000	\$ 1,281	26%
Travel	\$ 19,038	\$ 22,000	\$ (2,962)	-13%
CalCCA Dues	\$ 59,696	\$ 60,000	\$ (304)	-1%
CC Power	\$ -	\$ 37,500	\$ (37,500)	-100%
Memberships	\$ 1,990	\$ 2,500	\$ (510)	-20%
Contractual Services	\$ 830,618	\$ 958,750	\$ (128,132)	-13%
Other Contract Services (e.g. IRP)	\$ -	\$ 13,000	\$ (13,000)	-100%
Don Dame	\$ 1,924	\$ 9,000	\$ (7,076)	-79%
Wholesale Energy Services (TEA)	\$ 321,325	\$ 341,250	\$ (19,925)	-6%
2030 100% Renewable & Storage	\$ -	\$ 12,500	\$ (12,500)	-100%
Customer Support Call Center	\$ 297,517	\$ 335,000	\$ (37,483)	-11%
Operating Services	\$ 35,301	\$ 25,000	\$ 10,301	41%
Commercial Legal Support	\$ (2,365)	\$ 10,000	\$ (12,365)	-124%
Legal General Counsel	\$ 15,899	\$ 35,000	\$ (19,101)	-55%
Regulatory Counsel	\$ 52,765	\$ 85,000	\$ (32,235)	-38%
Joint CCA Regulatory counsel	\$ 40,787	\$ 8,000	\$ 32,787	410%
Legislative - (Lobbyist)	\$ 33,000	\$ 28,750	\$ 4,250	15%
Accounting Services	\$ (5,855)	\$ 1,250	\$ (7,105)	-568%
Financial Consultant	\$ -	\$ 10,000	\$ (10,000)	-100%
Audit Fees	\$ 40,320	\$ 45,000	\$ (4,680)	-10%
Marketing	\$ 76,367	\$ 125,000	\$ (48,633)	-39%
Marketing Collateral	\$ 76,367	\$ 120,000	\$ (43,633)	-36%
Community Engagement Activities & Sponsorships	\$ -	\$ 5,000	\$ (5,000)	-100%
Programs	\$ 388,738	\$ 1,027,500	\$ (638,762)	-62%
Program Costs (Rebates, Incentives, etc.)	\$ 140,552	\$ 300,000	\$ (159,448)	-53%
AG Fit	\$ 248,186	\$ 720,000	\$ (471,814)	-66%
PIPP Program	\$ -	\$ 7,500	\$ (7,500)	-100%
Rents & Leases	\$ 21,840	\$ 20,500	\$ 1,340	7%
Hunt Boyer Mansion	\$ 21,840	\$ 10,500	\$ 11,340	108%
Lease Improvement	\$ -	\$ 10,000	\$ (10,000)	-100%
Other A&G	\$ 392,137	\$ 265,100	\$ 127,037	48%
Development - New Members	\$ 117,782	\$ 10,500	\$ 107,282	1022%
Strategic Plan Implementation	\$ 5,235	\$ 32,000	\$ (26,765)	-84%
PG&E Data Fees	\$ 111,013	\$ 120,000	\$ (8,987)	-7%
Insurance	\$ 20,075	\$ 20,000	\$ 75	0%
Banking Fees	\$ 138,032	\$ 82,600	\$ 55,432	67%
Miscellaneous Operating Expenses	\$ 754	\$ 5,000	\$ (4,246)	-85%
Contingency	\$ -	\$ 100,000	\$ (100,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 25,720,287	\$ 26,140,850	\$ (420,563)	-2%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 7,135,702	\$ 11,569,650	\$ (4,433,948)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: July 11, 2024

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

June, and a few days of July, will be viewed as the impact month for the 2024 legislative session. Between policy committees weighing in on hundreds, if not thousands, of bills, the Governor and Legislature coming to terms on a two-year budget plan to address the state’s massive deficit, and the Legislature finally settling on a climate bond, the previous five weeks will effect Californians for many years to come.

Proposition 68 of 2018 was the last general obligation bond with natural resources and water funding to pass in California. Californians will now have the chance to decide on a \$10 billion climate bond come November in the form of Proposition 4. As the Legislature sought to wrap up its business before heading out on summer recess they took up and passed SB 867. The bond proposal maintained some funding for clean energy purposes, but the title of the chapter shifted to “Clean Air” as voters will likely look more favorably on that moniker. There is \$850 million in the “Clean Air” chapter that includes \$325 million for public financing of clean energy transmission projects as well as \$475 million to upgrade ports to facilitate offshore wind development. The bond importantly includes language that forbids any project funded by the bond to have a return on equity or be included in any ratebase.

The budget process concluded on schedule with the Legislature and Governor reaching agreement on funding cut and deferrals as well as borrowing from the rainy-day fund to close the state’s \$45 billion deficit for FY 2024-25, and the projected \$28 billion deficit for FY 2025-26. Of note in the energy space, the Legislature had proposed to cut \$400 million from this year’s budget proposal for the Diablo Canyon loan, but ultimately the Governor won out on this item and the funding was included in the budget, but not without the Legislature imposing stricter oversight and reporting requirements on the funding through a budget trailer bill. The budget process is not entirely wrapped up, however, as there is anticipation of an energy trailer bill emerging in August, which is the final month of the 2024 legislative session. More on that below.

Proposed energy legislation that impacts CCAs has been a bit lighter this session and through the committee process the most relevant bills to VCE are those that seek to bring more transparency to the General Rate Case (GRC) and Investor-Owned Utility (IOUs) ratemaking process. Several bills are focused on audits of balancing accounts, examining the IOUs' projected costs of capital, and the proposed costs in GRCs versus the realized costs once implemented. Another policy topic that has emerged under the principle of reducing rates is an examination of the Public Purpose Program (PPP), which funds programs such as the Self Generation Incentive Program (SGIP), California Alternate Rates for Energy (CARE), and Energy Efficiency (EE). Assembly Utilities & Energy Chair Cottie Petrie Norris amended AB 3264 with intent language that would require the Energy Commission, in consultation with the CPUC, to review the allocation of costs to ratepayers, which could include the PPP and EE program. It was understood through conversations with Asm. Petrie-Norris that she was considering a potential sunset on the EE program without legislative action to extend it. Instead, Asm. Petrie-Norris pulled AB 3264, the bill is now dead, as there are indications that this proposal may be picked up in an energy trailer bill.

VCE staff, the LRTG and PPG are currently examining the following bills and expect to evaluate more bills as they are identified as of interest to VCE and CCAs.

1. AB 2368 (Petrie-Norris) Reliability

Summary: Existing law requires the Independent System Operator to ensure the efficient use and reliable operation of the transmission grid, as provided. This bill would authorize the PUC, in coordination with the Independent System Operator, to establish resource adequacy requirements that is sufficient to maintain a one-day-in-10-year loss of load expectation. The bill also directs the CAISO to evaluate outages for insufficient generation procurement and report the findings and procurement recommendations to the PUC, CEC, and Legislature.

Additional Information

- Next Hearing: The bill will be heard in Senate Appropriations Committee.
- VCE has yet to take an official position.
- Bill language: [AB 2368](#)

2. AB 1999 (Irwin) Income Graduated Fix Charge (IGFC)

Summary: Current law requires the CPUC, no later than July 1, 2024, to authorize a fixed charge for default residential rates that are to be established on an income-graduated basis, with no fewer than 3 income thresholds, so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. This bill would repeal the provisions described in the preceding sentence and would instead permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed \$5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed \$10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

In 2021, the Legislature passed AB 205, a budget trailer bill that enacted a number of energy related policies including the California Arrearage Payment Program, a new site certification

process at the CEC, creation of the Strategic Reliability Reserve, an authorization to extend several once-through cooling plants, and an authorization for the CPUC to adopt new fixed charges on an income-graduated scale. The outcry from the public has emerged regarding an income-graduated fix charge as the CPUC has been working through its proceeding, and state legislators have been hearing from their constituents. AB 1999 is in response to the uproar, but it's a challenging position for legislators as many, including the author and many of the coauthors, voted for AB 205 back in 2021. The impact of the proposed IGFC on residential customers is that it appears to impact medium and low-income customers at a higher rate than anticipated, thus having the potential to impose a significant financial and affordability burden.

The bill had been in the possession of the Assembly Utilities & Energy Committee but was then pulled back to the Rules Committee, which is a move by the Assembly leadership to sit on the bill. However, Assembly leadership allowed the author to amend the bill to impose a five-year sunset on the IGFC. The bill passed the Assembly U&E Committee but was then held by Assembly Appropriations and the bill is now dead. The PUC's announced proposed decision to align the IGFC with one SMUD imposes took the wind out of the sails with IGFC related bills.

Additional Information

- Next Hearing: The bill was held by the Assembly Appropriations Committee and is now dead.
- VCE Position: Watch
- Bill language: [AB 1999](#)

3. AB 2666 (Boerner) Public Utilities Rate of Return

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, including electrical and gas corporations, and requires those rates and charges to be just and reasonable. This bill would require the commission, following each general rate case, to review which costs, if any, each electrical corporation or gas corporation was able to reduce to achieve profits and to adjust the authorized revenue requirement in the attrition years or in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records. The bill would require the commission to establish guidelines for electrical corporations and gas corporations to calculate and report annually their actual rates of return to the commission.

The original version of this bill required investor-owned utilities (IOUs) to return to ratepayers any revenue received by the IOUs above their authorized rate of return. The bill now requires the CPUC to evaluate how IOUs are achieving cost savings against their projected costs provided in a General Rate Case (GRC) and authorizes the CPUC to either reduce the rate of return in a subsequent GRC.

Additional Information

- Next Hearing: The bill will be heard next in Senate Appropriations.
- VCE has yet to take an official position.
- Bill language: [AB 2666](#)

4. AB 817 (Pacheco) Brown Act Exemption for Subsidiary Bodies

Summary: This bill, until January 1, 2026, would authorize a subsidiary, defined as a legislative body that serves exclusively in an advisory capacity and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to meet remotely and be exempt from the Brown Act requirements for notice, agenda, and public participation. In order to use the exemption, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to authorize, majority vote, the subsidiary body to use remote meetings before for the first time and every 12 months thereafter.

Additional Information

- Next Hearing: The bill was held in Senate Local Government and is dead.
- VCE Position: Watch
- CalCCA Position: Support
- Bill Language: [AB 817](#)

5. SB 1305 (Stern) Virtual Power Plant Procurement Mandate

Summary: The bill would require the PUC to adopt virtual power plant (VPP) procurement targets applicable to the IOUs, which would beginning January 30, 2028 and each year thereafter, be required to file a report with the PUC on its progress toward complying with the virtual power plant procurement targets.

CalCCA had some initial conversations with the author's office and the sponsor, OhmConnect, to discuss the potential for amendments to remove the procurement mandate that had applied to CCAs. The amended version of the bill no longer applies to CCAs but remained one to watch until the author decided to not proceed with the bill being heard in the Senate Energy, Utilities & Communications Committee. The bill is now dead for the session.

Additional Information

- Next Hearing: The bill was pulled by the author from the Senate Energy, Utilities & Communications Committee and is now dead.
- VCE did not take an official position
- Bill language: [SB 1305](#)

6. SB 1508 (Stern) Storage Mandate

Summary: Existing law requires the CPUC to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan and to ensure that load-serving entities, among other things, ensure system and local reliability on a near-term, mid-term, and long-term basis and maintain a diverse portfolio of energy resources. This bill would require the commission to ensure that diverse energy storage duration classes are modeled and that energy storage technology that meets an energy storage class's minimum duration requirement is modeled within that class to ensure technology neutrality.

This bill was heavily amended coming out of the Senate Energy, Utilities, & Communications Committee as the original bill that went before the committee included a procurement mandate for long duration energy storage and multiday energy storage systems. The

procurement mandate caused some concern but now that the mandate provision has been removed the bill is of less consequence.

Additional Information

- Next Hearing: The bill will be heard Appropriations.
- VCE has yet to take an official position.
- Bill language: [SB 1508](#)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: July 11, 2024

Please find attached Keyes & Fox’s June 2024 Regulatory Memorandum dated July 2, 2024 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 July 2, 2024

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: July 2, 2024

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

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding will be the forum for review of VCE's next RPS Procurement Plan and RPS Compliance reports.

Recent Developments: On June 18, an ALJ [Ruling](#) granted the IOUs' request for a 10-day extension of RPS Plan filing deadlines. On June 24, the Commission issued Resolution [E-5323](#) adopting 2024 updated administratively set fixed avoided-cost rates for the Renewable Market Adjusting Tariff (ReMAT) Program pursuant to Commission D.20-10-005.

Analysis: N/A

Next Steps: Initial Draft RPS Plans are now due July 22, and Motions to Update are now due September 5. Comments on Draft filings are due August 22 and reply comments are due September 5. A proposed decision on 2024 RPS Procurement Plans is expected in Q4 2024.

Additional Information: Resolution [E-5323](#) on ReMAT rates (Jun. 24, 2024); ALJ [Ruling](#) (Jun. 18, 2024); ALJ [Ruling](#) (Jun. 14, 2024); [Assigned Commissioner's Ruling](#) on 2024 RPS Procurement Plans (May 17, 2024); [Scoping Memo and Ruling](#) (May 9, 2024); ALJ [Ruling](#) (Mar. 7, 2024); [OIR](#) (Feb. 1, 2024); Docket No. [R.24-01-017](#).

RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. Track 1 is focused on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 is focused on Central Procurement Entity (CPE) framework issues, including potential structural modifications, and Track 3 is focused on remaining RA capacity issues.

Recent Developments: Track 2 CPE framework proposals were filed on June 14. [D.24-06-004](#), issued on June 26, adopted local capacity obligations for 2025-2027, flexible capacity obligations for 2025, and refinements to the SOD framework. On June 26, the ALJ issued a [Ruling](#) updating the previously modified Track 2 schedule to accommodate the additional delay in the publication of Energy Division's RA LOLE Study.

Analysis: Under D.24-06-004, the SOD framework will be implemented in January 2025, which will require LSEs to demonstrate capacity to meet load in all hours of the "worst day" of every month. This will potentially place an additional RA burden on more renewable-intensive resource portfolios. The Decision does little to alleviate the tight RA market conditions and high prices experienced in recent years as it does not address inefficiencies in the current bilateral-transaction based RA market or allow one LSE's excess resource in one hour to be matched with another LSE's resource shortage in that hour for compliance purposes. However, the Decision adopted an expanded "cure period" for new resources that experience a slight delay in coming online which will reduce the penalties an LSE will face if a new resource comes online after the 45-day advance showing but before the beginning of the compliance month.

Next Steps: The final Test Year 2024 SOD Month-Ahead showing is due to Energy Division on September 1, and the first year-ahead SOD showing is due in November 2024. In Track 2, the Energy Division's loss of load expectation (LOLE) study is expected by July 19, a workshop on Track 2 proposals is scheduled for July 25-26, opening comments on the LOLE study are due August 9 and reply comments are due August 23. A proposed decision in Track 2 is expected in November 2024.

Additional Information: ALJ [Ruling](#) (Jun. 26, 2024); [D.24-06-004](#) (Jun. 26, 2024); ALJ Ruling (Jun. 5, 2024); ALJ [Ruling](#) (Jun. 4, 2024); ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); [Scoping Memo and Ruling](#) (Dec. 18, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A established an income-graduated fixed charge (IGFC) for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and then expanded VCE's AgFIT Pilot throughout PG&E distribution territory.

Recent Developments: On June 7, PG&E submitted Supplemental [AL 7223-E-A](#) on Dual Participation in PG&E's Agricultural Pilot and Expanded Pilot 2. On June 27, VCE submitted a second set of [substitute sheets](#) for AL 17-E per direction of the Energy Division.

Analysis: PG&E's Supplemental Advice Letter 7223-E-A would add Emergency Load Reduction Program (ELRP) Subgroups A2, A4, and A5 to the list of programs that are not permitted to dual participate with the expanded AgFIT pilots.

Next Steps: The IOUs will host a workshop to discuss their marketing, education, and outreach efforts and strategies related to the implementation of income-graduated fixed charges on July 10. The expanded AgFIT pilot is expected to go live in November. A proposed decision on Track B Working Group 1 proposals regarding rate design for marginal generation capacity costs is expected by the end of this year.

Additional Information: VCE AL 17-E [Second Substitute Sheets](#) (Jun. 27, 2024); PG&E [AL 7223-E-A](#) (Jun. 7, 2024); [Letter](#) granting PG&E dynamic rate pilot enrollment extension (May 31, 2024); PG&E [Request](#) for dynamic rate pilot enrollment extension (May 24, 2024); [D.24-05-028](#) (May 15, 2024); VCE [Substitute Sheet](#) AL 17-E (Apr. 18, 2024); PG&E [AL 7222-E-A](#) (Apr. 17, 2024); PG&E [AL 7223-E](#) (Mar. 25, 2024); PG&E [AL 7222-E](#) (Mar. 25, 2024); [D.24-01-032](#) (Jan. 26, 2024); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

EV Rates & Infrastructure

Background: This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

Recent Developments: On June 5, the Commission issued a [Letter](#) granting the IOUs an extension of the deadline to file the Workshop Report and Draft Program Handbook required by D.22-11-040 until December 6. Also on June 5, the CPUC issued Draft Comment [Resolution E-5326](#) addressing PG&E's [AL 6694-E](#) ([Supplemental AL 6694-E-A](#)) requests for approval of rate structures for vehicle-grid integration (VGI) pilots pursuant to Resolution E-5192.

Analysis: PG&E's VGI pilots approved in Resolution E-5192 are programs to enable bi-directional EV connections to the power grid for residential, commercial, and microgrid customers. The pending Draft Resolution addresses rate design for these pilot programs and will inform future efforts to integrate EVs with the power grid as both a charging load and a resource supply.

Next Steps: Opening comments on the June 3 Track 1 Ruling are due July 2 and reply comments are due July 18. The Resolution may be heard as early as the July 11 Commission meeting.

Additional Information: Draft Comment [Resolution E-5326](#) (Jun. 5, 2024); [Letter](#) granting extension (Jun. 5, 2024); ALJ [Ruling](#) (Jun. 3, 2024); [Vehicle-Grid Integration Forum Report](#) (May 21, 2024); [Resolution E-5314](#) (Apr. 19, 2024); [Scoping Memo and Ruling](#) (Apr. 12, 2024); [Draft Resolution E-5314](#) (Mar. 8, 2024); ALJ [Ruling](#) (Dec. 27, 2023); [OIR](#) (Dec. 20, 2023); Docket No. [R.23-12-008](#).

IRP Rulemaking

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

Recent Developments: On June 11, comments were filed on the ALJ's May 21 [Ruling](#) regarding the staff proposal to allow temporary non-emitting or RPS-eligible bridge resources to meet 2,500-MW system wide zero-emitting procurement requirements detailed in D.21-06-035; reply comments were filed on June 21. The bridge resources would be required to be zero-emitting, cover a bridge period of no more than three years, and otherwise meet all of the requirements for the Diablo Canyon replacement resources in D.21-06-035, including being required to be shown to be incremental.

Analysis: N/A

Next Steps: A proposed decision is scheduled to be issued on July 19 on the Commission's initial determination under AB 1373 of need for long-lead-time (LLT) resources involving the Department of Water Resources as a Central Procurement Entity. A staff proposal on the Reliable and Clean Power Procurement Program is expected in July. VCE's next IRP filing is due November 1, 2025.

Additional Information: ALJ [Ruling](#) (May 21, 2024); [Amended Scoping Memo and Ruling \(Correction/Clarification\)](#) (Apr. 18, 2024); [D.24-02-047](#) (Feb. 20, 2024); [D.23-12-014](#) (Dec. 19, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); Docket No. [R.20-05-003](#).

Diablo Canyon Cost Recovery

Background: This proceeding will establish rates effective January 1, 2025 to recover the forecast costs associated with extended operations of the Diablo Canyon Power Plant (DCPP) during the September 2023-December 2025 time period. Customers across the state – including CCA customers - will pay for the costs of extended operations at DCPP, and will be allocated the resource adequacy (RA) and greenhouse gas (GHG)-free benefits associated with those operations. PG&E proposes, in its application, certain changes to the allocation of RA and GHG-free benefits to load serving entities (LSEs). It also proposes specific uses for the volumetric performance fee revenue it will collect from customers in 2025.

Recent Developments: On June 18, the Assigned Commissioner issued a [Scoping Memo and Ruling](#). As required by D.23-12-036 in R.23-01-007 (the Diablo Canyon OIR), PG&E submitted [AL 7295-E](#) describing the allocation of GHG-free attributes Diablo Canyon Power Plant's Extended Operations to LSEs on June 12.

Analysis: The allocation of GHG-free attributes to LSEs begins in January 2025 following execution of sales agreements between PG&E and LSEs. Details regarding the calculation of allocation ratios will be developed as part of a stakeholder process over the next month.

Next Steps: Intervenor testimony is due July 29, rebuttal testimony is due August 20, evidentiary hearings (if needed) are scheduled for September 9-10, opening briefs are due September 27, reply briefs are due October 21, and a proposed decision is expected in November 2024.

Additional Information: [Scoping Memo and Ruling](#) (Jun. 18, 2024); PG&E [AL 7295-E](#) (Jun. 12, 2024); ALJ [Ruling](#) (May 15, 2024); [Amended Application](#) (Apr. 8, 2024); [Application](#) (Mar. 29, 2024); Docket No. [A.24-03-018](#).

Microgrids

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

Recent Developments: On June 11, the California Solar & Storage Association (CALSSA) filed a [Petition for Modification](#) of D.20-06-017 requesting that the temporary (five year) removal of the cap on the allowable size of energy storage systems within the net metering tariffs be made permanent.

Analysis: CALSSA argues that a cap on storage sizing is not necessary, and that it obstructs customers seeking resiliency solutions and limits customers' ability to provide grid value.

Next Steps: A proposed decision on Track 5 Microgrid Multi-Property Tariffs is expected by mid-August.

Additional Information: CALSSA [PFM](#) (Jun. 11, 2024); [Order](#) denying Joint Application for Rehearing (Apr. 19, 2024); ALJ [Ruling](#) (Mar. 27, 2024); Microgrid Resources Coalition [proposal](#), Green Power Institute [proposal](#), Clean Coalition [proposal](#) (Dec. 15, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); Docket No. [R.19-09-009](#).

Provider of Last Resort Rulemaking

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

Recent Developments: On July 1, CalCCA submitted the [Joint CCA Advice Letter](#) on Financial Monitoring and Reporting Guidelines required by OP 7 of D.24-04-009. The Tier 2 advice letter has an effective date of July 31, 2024.

Analysis: The Joint CCA Advice Letter clarifies when a CCA must notify the Energy Division after certain financial stress-based Tier 2 reporting conditions are met. For most Tier 2 conditions, Energy Division must be notified within 10 business days after the occurrence, but for the cash reserve or liquidity measure thresholds Energy Division must be notified within 10 business days following the CCA's acceptance of a financial statement, expected to be within 60 days after the end of the month for unaudited financial statements.

Next Steps: The joint CCA advice letter on CCA registration requirements is due July 17. The first revised FSR posting under this Decision is due March 1, 2025, and subsequent FSR postings are due July 1 and January 1 of each year.

Additional Information: [Joint CCA Advice Letter](#) (Jul. 1, 2024); [D.24-04-009 / Appendix](#) (Apr. 22, 2024); [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

PG&E 2023 Phase 1 GRC

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

Recent Developments: A [Proposed Decision](#) (PD) ([Appendix](#)) that would authorize a ratemaking mechanism for PG&E's energization projects was issued on May 17 and held over from the June 20 Commission meeting.

Analysis: The PD would authorize PG&E to record and track costs for energization projects (e.g., connecting new customers to the electrical distribution grid, upgrading electrical distribution capacity to existing customers, and building adequate electrical distribution and transmission capacity to accommodate future load) placed in service after January 1, 2024 that exceed the energization costs included in PG&E's annual revenue requirement authorized in Phase I of this proceeding. The maximum incremental revenue requirement associated with such capacity projects is capped at \$144.310 million in 2024, \$91.568 million in 2025, and \$99.071 million in 2026, corresponding to capital of \$975 million in 2024, \$618 million in 2025, and \$669 million in 2026, or \$2,262 million total (which is 45% or \$1,814 million less than the cumulative capital expenditures cap of \$4,076 million that PG&E requested). The authorized sums equate to an increase in electric distribution revenue requirement of 1.98% for 2024, 1.18% for 2025, 1.19% for 2026, and 4.03% cumulatively.

Next Steps: The Proposed Decision was held over from the June 20 Commission meeting and is expected to be heard at the July 11 Commission meeting.

Additional Information: [Proposed Decision](#) (May 17, 2024); [Case Management Statement](#) (Feb. 26, 2024); [Third Amended Scoping Memo and Ruling](#) (Dec. 22, 2023); [D.23-11-069 / Appendices](#) (Nov. 17, 2023); [Second Amended Scoping Memo and Ruling](#) (Oct. 10, 2023); [Illustrative rates](#) (Sep. 27, 2023); [Scoping Memo and Ruling](#) (Sep. 5, 2023); PG&E's [Amended Application](#) (Mar. 10, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

PG&E 2024 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The April 2 [Scoping Memo and Ruling](#) consolidated all three major IOUs' ERRA forecast proceedings for the sole purpose of addressing issues related to the definition of and accounting for "fixed generation costs" in a Track 2.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Intervenor testimony in Track 2 is due October 8, rebuttal testimony is due November 22, a status conference is set for December 3, and evidentiary hearings may be held, if needed, in January 2025. A proposed decision is expected in March 2025.

Additional Information: ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); Joint CCA [Motion](#) (Apr. 26, 2024); IOU [Motion](#) (Apr. 25, 2024); [Scoping Memo and Ruling](#) (Apr. 2, 2024); [Joint Prehearing Conference Statement](#) (Mar. 26, 2024); PG&E [AL 7180-E](#) (Feb. 15, 2024); [D.23-12-022](#) (Dec. 19, 2023); ALJ [Ruling](#) (Dec. 18, 2023); ALJ [Ruling](#) (Nov. 20, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

PG&E 2025 ERRA Forecast

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

Recent Developments: A June 13 ALJ [Ruling](#) scheduled the prehearing conference for July 9. Protests to the Application were filed on June 17 and 24 by [CalCCA](#), the [Direct Access Consumer Coalition](#), and [CalAdvocates](#).

Analysis: PG&E forecasts rising Resource Adequacy (RA) prices and claims the RA Market Price Benchmark (MPB) methodology does not fairly value RA for PCIA ratemaking purposes. To mitigate anticipated rate impacts on bundled customers, PG&E proposes to freeze the RA MPB for 2025 ratesetting purposes *to the extent that* the 2025 Forecast RA MPB published in the fall exceeds the current 2024 Forecast System RA MPB (\$15.23/kW-month). PG&E's proposal would inflate PCIA rates and artificially hold bundled rates down. CalCCA argues PG&E's RA proposal should be excluded from the scope of the proceeding. PG&E also proposes to change its methodology for allocating certain

common costs, such that a greater proportion of those costs would be allocated to the PCIA. Again, CalCCA argues PG&E's proposal should be excluded from the scope of this proceeding.

Next Steps: A prehearing conference is scheduled for July 9, followed by a scoping memo and ruling. PG&E expects to file its fall update on October 16.

Additional Information: ALJ [Ruling](#) (Jun. 13, 2024); PG&E's [Amended Application](#) (May 24, 2024); PG&E 2025 ERRAs Forecast [Application](#) (May 15, 2024); Docket No. [A.24-05-009](#).

PG&E 2021 ERRAs Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: A proposed decision was expected in early 2024.

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

PG&E 2022 ERRAs Compliance

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

Recent Developments: In response to the May 22 ALJ [Ruling](#), PG&E and CalCCA submitted briefs on June 6 on the issue of whether the Commission addresses or should address PG&E's sales or attempts to sell Resource Adequacy during the Summer of 2022 in a forum other than PG&E's ERRAs Compliance proceeding.

Analysis: N/A

Next Steps: No further procedural dates have been established. The ALJ may set dates for opening and reply briefs.

Additional Information: ALJ [Ruling](#) (May 22, 2024); ALJ [Ruling](#) (May 16, 2024); ALJ [Ruling](#) (Apr. 16, 2024); PG&E and CalAdvocates' [Joint Motion](#) for Settlement (Mar. 7, 2024); CalCCA [Motion](#) (Mar. 1, 2024); ALJ [Ruling](#) (Feb. 15, 2024); ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRAs Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

PG&E 2023 ERRAs Compliance

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

Recent Developments: A [Scoping Memo and Ruling](#) was issued on June 12 establishing the scope of evaluation and review for reasonableness and compliance.

Analysis: N/A

Next Steps: Intervenor testimony is due September 20, a status conference is scheduled for November 1, opening briefs are due December 19, and a proposed decision is expected by mid-March 2025.

Additional Information: [Scoping Memo and Ruling](#) (Jun. 12, 2024); [Joint Prehearing Conference Statement](#) (Apr. 15, 2024); CalCCA's [Protest](#) (Apr. 5, 2024); PG&E 2023 ERRAs Compliance [Application](#) (Feb. 28, 2024); Docket No. [A.24-02-012](#).

Building Decarbonization

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

Recent Developments: On July 1, the Assigned Commissioner issued a [Scoping Memo and Ruling](#) for Phase 4 of the building decarbonization proceeding.

Analysis: Issues scoped for Phase 4 of this proceeding include Track A: consideration of the status of and modifications to electric line extension allowances for mixed-fuel development (i.e., natural gas and electric), Track B: whether the

Commission should re-evaluate the method used to determine all-electric baseline allowances, and Track C: whether there should be a voluntary zonal decarbonization pilot and how such a program may be funded.

Next Steps: Phase 3B concluded with issuance of D.23-12-037. Track A comments in response to the Scoping Memo are due July 22 and reply comments are due at the end of July. Staff proposals on Track B and Track C are expected in Q4 2024, followed by proposed decisions in Q2 2025.

Additional Information: [Scoping Memo and Ruling](#) (Jul. 1, 2024); TECH Clean California [Annual Report](#) (Mar. 13, 2024); [D.23-12-037](#) (Dec. 21, 2023); [Amended Scoping Memo and Ruling](#) (Jul. 26, 2023); [D.23-02-005](#) (Feb. 3, 2023); [D.21-11-002 \(Appendices A-E\)](#) Decision on Building Decarbonization Phase II (Nov. 9, 2021); [D.20-03-027](#) Establishing Building Decarbonization Pilot Programs (Apr. 6, 2020); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

Utility Safety Culture Assessments

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

Recent Developments: A June 10, ALJ [Ruling](#) requested comments on the safety culture assessment reporting and compliance process.

Analysis: N/A

Next Steps: Comments are due July 12 and reply comments are due July 25.

Additional Information: ALJ [Ruling](#) (Jun. 10, 2024); ALJ [Ruling](#) (May 8, 2023); [Draft Resolution SPD-3](#) (Sep. 16, 2022); ALJ [Ruling](#) (Sep. 13, 2022); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Other Dockets

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

Docket	Name	Status
R.18-07-003	RPS Rulemaking	On April 8, 2024, the Energy Division Staff provided formal approval of VCE's 2023 RPS Procurement Plan in a Notice of Approval . On June 4, the CPUC issued D.24-05-038 closing the proceeding. The current RPS Rulemaking proceeding is R.24-01-017 .
R.18-12-006	Transportation Electrification	The proceeding was closed by the December 2023 OIR establishing R.23-12-008 , but it was re-opened to address a Petition for Modification (PFM) of D.22-11-040 . D.24-05-043 , issued June 4, denied the PFM and re-closed the proceeding.
R.23-03-007	Wildfire Fund NBC 2024-2026	The next 90-day Notice for the 2025 Wildfire NBC is expected in September 2024.
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006 . SCE's Petition for Modification of D.23-06-006 (filed on September 12, 2023) that requests clarification on certain points regarding the valuation of previously banked RECs, would be denied by a Proposed Decision (dated June 21, 2024) scheduled to be heard at the August 1 Commission meeting.
A.22-05-002	Demand Response Programs (2023-2027)	D.24-04-006 , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding. The proceeding was re-opened to address the June 27 Petition for Modification filed by Leapfrog Power.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 8

TO: Board of Directors

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

SUBJECT: SACOG Grant - Electrify Yolo Update

DATE: July 11, 2024

RECOMMENDATION

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

BACKGROUND

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

The project goals include:

- 15-40 Level 2 chargers
- 2-5 DC Fast Chargers
- 2-10 Mobile Chargers
- Purchase or Lease of One or More Electric Vehicles

UPDATES

Each jurisdiction is making progress toward meeting its obligations under the grant. All MOUs were signed (Davis, VCE/Winters, Woodland, unincorporated Yolo County) as of April 2021, and some EV charger installation projects have begun, and some are finished.

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

EXPENDITURES TO DATE

PARTNERS	Funding available per MOU	Current Expenditure	Current Balance	
VCE/WINTERS	\$ 150,000.00	\$ 150,000.00	\$ -	Payment to VCE for Winters expenditures provided by City of Davis 6/30/22 and 10/5/23
WOODLAND	\$ 150,000.00		\$ 150,000.00	
YOLO	\$ 700,000.00	\$ 583,130.18	\$ 116,869.82	Payment to Yolo County Provided by City of Davis 6/30/22 (269,600) and 5/1/23 (106,067.19) and 5/24/24 (207,462.99)
DAVIS	\$ 1,912,000.00	\$ 450,583.86	\$ 1,461,416.14	Current cost for Contract for City of Davis and Frontier Energy as of 5/10/24 and EV bus 6/1/23 and Paired Tree solar chargers 7/1/23
TOTAL	\$ 2,912,000.00	\$ 1,183,714.04	\$ 1,728,285.96	

City of Davis:

As part of the SACOG grant for the Electrify Yolo Project, there was a requirement for the purchase or lease of one or more electric vehicles to transport eight or more people. It was determined that a Ford E-Transit van, equipped to transport a wheelchair and other passengers, would be the best option. After a recall was issued on certain van equipment, delivery of the van was delayed by approximately three months. The van was finally delivered in late February 2024, at a total cost of \$120,301, which is paid for by the grant. The van, which was in service by April 1, 2024, will be used for to transport disabled community members within City’s service area, which is within one mile of active regular service fixed route bus lines. A Level 2 charger was installed at the corporation yard located at 1818 Fifth Street in Davis, where this vehicle will be stored. The public charging station designs have been submitted to the building department for review. The first solar mobile EVCS station was installed in June 2024, and the second solar mobile EVCS will be installed in September or October.



Fig 1. and Fig 2. The City of Davis’s new electric van and charger, March 2024

City of Winters:

The City of Winters is finished with its two selected sites. The two separate locations for the charging stations are the Winters Community Center parking lot, located at 201 Railroad Ave., and the City parking lot at the corner of First St. and Abbey St. The Community Center has two Level 2 double chargers replacing existing chargers. The second location is a new parking lot that has one level 2 double charger and one 50kw level 1 fast charger.

City of Woodland:

The City of Woodland was apportioned \$150,000 to install at minimum two Level 2 EV charging stations that are accessible to the public. Site selection and feasibility studies are complete, with the site being City of Woodland public parking lot near 430-434 College St, Woodland CA 95695. PG&E has approved plans and is waiting on instalment. The site is prepped and ready for switch gear (the last piece needed for the install) and charger installation. The switch gear was received after over a year of delays and is ready for installation; however, because of the delay, the City's contract with PG&E needs to be updated. Once it is updated, it is anticipated that installation can happen Fall 2024.

County of Yolo:

- 137 N. Cottonwood St. (Bauer Building) Woodland – 2-Dual Chargers. Construction/Installation completed in mid -February 2023. Chargers are activated and being utilized. This project is complete.
- 600 A St. Davis – 1-Dual Charger – Permitting complete. Construction/Installation completed in early May 2023. Charger is activated and being utilized. This project is complete.
- 315 E. 14th St. Davis - 1-Dual Charger – Construction/Installation completed in August 2023. Charger is activated and being utilized. This project is complete.
- 25 N. Cottonwood St. (Gonzalez Building) – 2-Dual Chargers, in progress. Charging unit in storage, contractor selected, finalizing contract, construction to commence on schedule.
- Knights Landing: County will install two level 2 dual charging stations as part of the new Knights Landing Community Park. Park construction is planned to be completed Spring/Summer 2024 and will include the charger installation.
- 500 Jefferson Boulevard, West Sacramento (500 A Jefferson) 2 dual chargers, in progress. Charging unit in storage, contractor selected, finalizing contract. Construction to commence on schedule.
- 17257 Yolo Avenue, Esparto (Tuli Mem Community Park) 2 dual chargers. In planning, preparing solicitation package to send to contractors.
- 708 Railroad Avenue, Winters (Winters Branch Library) 1 dual charger. In planning, coordinating site selection with the Winters Joint Unified School District.
- 292 West Beamer Street, Woodland (Department of Community Services) 1 dual charger. Site selected, solicitation conducted, finalizing contract award.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors
FROM: Rebecca Boyles, Director of Customer Care & Marketing
SUBJECT: Quarterly Customer Participation Update (Information)
DATE: July 11, 2024

RECOMMENDATION

Receive and review the attached quarterly Customer Participation update reflecting the time period through June 30, 2024 dated July 1, 2024.

Item 9 – Customer Participation Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,951	20,403	2,606	10,819	61,779	53,811	6,026	10	1,932	13,960	47,819
Eligible customers	29,434	23,978	3,053	12,501	68,966	60,028	6,739	10	2,189	15,775	53,191
Participation Rate	95%	85%	85%	87%	90%	90%	89%	100%	88%	88%	90%

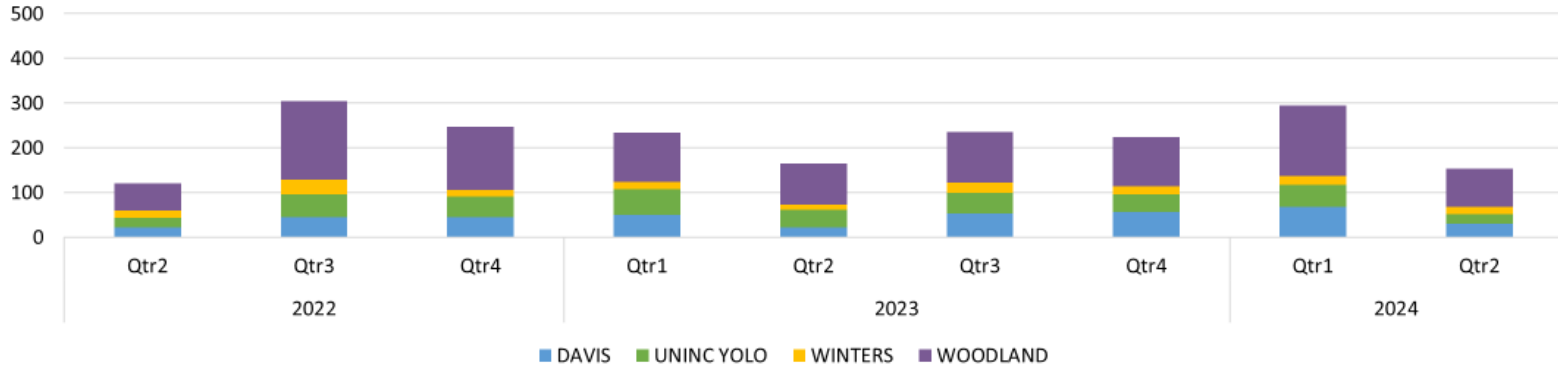
% of Load Opted Out

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	Total
% of Load Opted Out	8%	11%	13%	11%	10%	10%	11%	0%	12%	10%
% of Load Opted Up	3%	1%	0%	1%	1%	1%	3%	0%	0%	1%

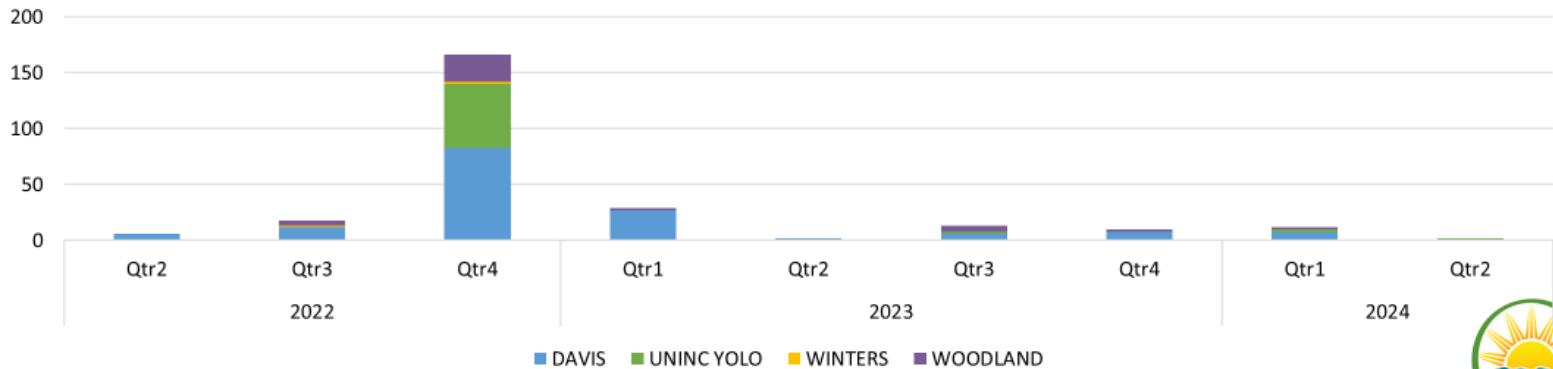


Item 9 – Customer Participation Update

Quarterly Opt-Outs



Quarterly Opt-Ups

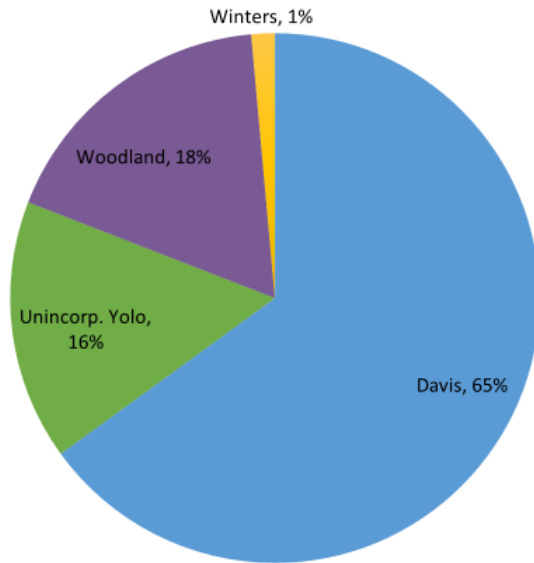


Status Date: 07/01/24

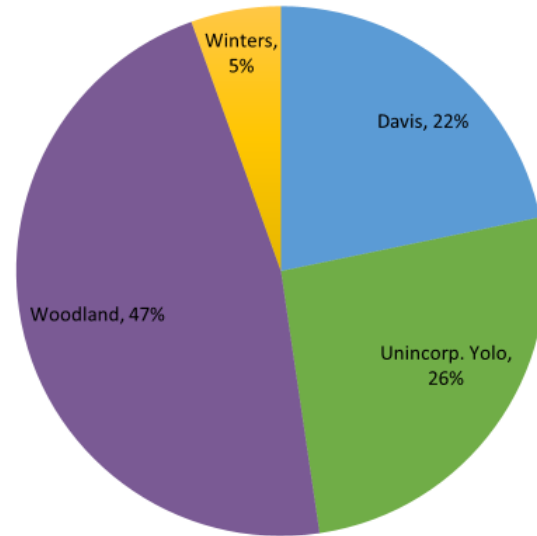


Item 9 – Customer Participation Update

560 Opt-Ups



11,849 Opt-Outs



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

Status Date: 07/01/24



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Staff Report – Item 10

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Amendment One (1) to the Wholesale Energy Services Agreement with The Energy Authority

DATE: July 11, 2024

RECOMMENDATION

Authorize the Executive Officer to execute Amendment One (1) of the Wholesale Energy Services (WES) agreement between VCE and The Energy Authority (TEA) extending the agreement and adding an indexed price adjustment.

BACKGROUND

In December 2022, VCE entered into a WES agreement with TEA. The services TEA provides VCE are summarized below:

- 1) **Portfolio Management** -Advise on long-, medium-, and short-term resource optimization, including procurement strategies, solicitation structure and timing, preferred products, and trade-offs among these, taking account of the risk management strategies and requirements adopted by VCE;
- 2) **Scheduling Coordinator (SC)**. VCE has contracted through power purchase agreements (PPAs) for the output from variable energy resources (VER), storage resources, hybrid or co-located solar + storage resources, and firm renewable PPAs, and may add additional resources. The SC will forecast, schedule and validate settlement for VCE’s contracted generating resources;
- 3) **Long Range Load Forecast** including the development of a long term (10 yr) load forecast model by customer load class, to use for planning and budgeting; and
- 4) **Credit Support** needed to facilitate transactions associated with VCE’s power supply, excluding the long-term PPAs executed in VCE’s name.

Agreement Terms

The initial term of the original agreement is three (3) years with the right to extend for two (2) additional two (2) year terms. This provides certainty and stability over the next several years as VCE transitions from a portfolio of short-term energy contracts to one focused on longer term power purchase agreements.

AMENDMENT

Certain functions performed by TEA extend beyond the term of the agreement. For example the parties are currently in year 2 of a 3 year agreement, but TEA is required by VCE's hedging practices to procure several years into the future which extends beyond our agreement. Staff believe an "evergreen" type clause would address this situation and provide additional stability and certainty for VCE's wholesale energy procurement activities. Therefore, the primary function of this amendment is to adjust the current term limitations within the agreement and structure so that either party can terminate provided 6 months notice is given. A secondary aspect of this amendment addresses a price escalation after the initial three (3) year term of the original agreement. Specifically, beginning January 1st on Year 4 and for each subsequent year during the term of the agreement, the monthly service fee shall be escalated annually at the greater of CPI-U or three percent (3%).

CONCLUSION

The wholesale energy services scope is an extremely important function for VCE. The partnership VCE has with TEA has been instrumental in VCE's success and this amendment will allow a seamless continuation of the portfolio management services performed by TEA on VCE's behalf. Staff is recommending the Board authorizes the Executive Officer to execute Amendment One (1) with TEA.

ATTACHMENTS

1. Amendment One (1)
2. The Energy Authority Agreement
3. Resolution 2024-XXX

Amendment No. 1 to Agreement Between Valley Clean Energy Alliance and The Energy Authority, Inc. for Portfolio Management, Scheduling Coordinator, Load Forecasting, and Credit Support Services

This Amendment No. 1 (this “Amendment”), effective as of June 1, 2024 (the “Amendment Effective Date”), is made part of the Agreement between The Energy Authority, Inc. (“TEA”) and Valley Clean Energy Alliance (“VCE”) for Portfolio Management, Scheduling Coordinator, Load Forecasting, and Credit Support Services dated December 9, 2022 (the “Agreement”) and is subject to all terms and conditions of the Agreement except as otherwise provided herein. TEA and Client are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.” Capitalized terms used in this Amendment and not defined herein shall have the meanings assigned to such terms in the Agreement.

Recitals

WHEREAS, the Parties have previously entered into the Agreement; and

WHEREAS, the Parties wish to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

Terms and Conditions

1. **Agreement Incorporated.**

Except as modified by this Amendment, the terms and conditions of the Agreement are incorporated by reference as of the Amendment 1 Effective Date, and this Amendment is made part of the Agreement.

2. **Amendments.**

Pursuant to this Amendment, certain terms and conditions of the Agreement are hereby modified and amended as follows:

A. Section 1 (“**TERM**”) is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement shall commence on the Effective Date, and shall remain in effect, unless terminated earlier as set forth herein. Notwithstanding the foregoing, the commencement of services under this Agreement shall not occur prior to the date this Agreement is executed by both Parties.”

B. Section 3 (“**COMPENSATION TO CONSULTANT**”) is hereby deleted in its entirety and replaced with the following:

“Consultant shall be compensated for services performed pursuant to this Agreement based on the rates and terms set forth in Exhibit “C”, which is attached hereto and incorporated herein by this reference.”

C. Section A.1.1.9 to Exhibit A (“**Scope of Services**”) is hereby deleted in its entirety and replaced with the following:

“Unless otherwise mutually agreed to by the Parties in writing, TEA shall have no obligation to enter into transactions on behalf of VCE utilizing TEA’s trading agreements that extended beyond the termination of the Agreement. If the term of this Agreement is terminated pursuant to Section 19 of this Agreement and other than in the case of bankruptcy, then for existing transactions, TEA and VCE will continue to operate under the terms of this Agreement with regard to such transactions until such time as the individual transactions terminate or are fully settled. Nothing in this Agreement shall prevent TEA and VCE from agreeing to settle any such transaction prior to the previously agreed settlement date of the transaction. Obligations between the Parties to pay for transactions or other Services effected or rendered hereunder shall remain in force notwithstanding the termination of this Agreement.”

D. Following Section A.1.1.9 to Exhibit A (“**Scope of Services**”) a new Section A.1.1.10 is added stating the following:

“In the event that this Agreement is terminated by either Party, TEA will coordinate the provision of all work products to VCE at its request and in accordance with Section 19 of the Agreement. TEA will also coordinate with VCE to transfer any pending transactions either directly to another entity, at VCE’s sole discretion, or to VCE within a commercially reasonable period of time.”

E. The second paragraph to Section A.5 (“**Credit Support**”) to Exhibit A (“**Scope of Services**”) is hereby deleted in its entirety and replaced with the following:

“Upon both Parties’ written agreement, TEA may act as agent (as described in Section A.1.2) for transactions beyond 24 months in term.”

F. Exhibit B (“**Schedule of Performance**”) is hereby amended as follows:

- The second paragraph to Schedule B is hereby deleted in its entirety.
- The schedule table in the third paragraph to Schedule B is hereby deleted in its entirety. The Parties agree that the following Services as described in Exhibit A of the Agreement shall commence January 1, 2023 and shall continue unless terminated in accordance with the Agreement:

- Section A.1 Provision of Trading Services and Allocation of Trading Products.
- Section A.2 Portfolio Management.
- Section A.3 Scheduling Coordinator.
- Section A.4 Long Range Load Forecast.
- Section A.5 Credit Support Services.

G. The first and second paragraphs to Section C.1 to Exhibit C (“**Compensation**”) are hereby deleted in its entirety and replaced with the following:

“VCE shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the fixed monthly fee as set forth below.”

H. The paragraph following the table in Section C.1.1 to Exhibit C (“Monthly Fixed Fee”) is hereby deleted in its entirety and replaced with the following:

“Beginning January 1st on Year 4 and for each subsequent year during the TERM of this Agreement, the Monthly Service Fee shall be escalated annually at the greater of CPI-U or three percent (3%).”

I. Section 18 (“**NOTICES**”) is hereby deleted in its entirety and replaced with the following:

“Any notices, requests, demands or other communications required to be given shall be in writing and shall be deemed to have been duly given if (i) by hand or personal delivery, on the date of such delivery, (ii) by nationally recognized overnight courier (such as FedEx or UPS), on the next business day following deposit for next business day delivery, (iii) by certified U.S. mail, return receipt requested with postage pre-paid, on the fifth business day following deposit, or (iv) by electronic mail, on the transmission date if sent (without failure or bounce-back) before 5:00 p.m. (prevailing time at recipient’s location) on a business day or, in any other case, on the next business day. In each case, such notice shall be addressed to the Party to whom the notice is being provided at the addresses below, or such other address as may be provided to the other Party in accordance with this Section 18.

If to VCE:	Valley Clean Energy Alliance 604 Second St Davis, CA 95616 Attention: Executive Officer E-mail: info@valleycleanenergy.org
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If to TEA: The Energy Authority, Inc.
1301 Riverplace Boulevard, Suite 2700
Jacksonville, Florida 32207
Attention: Legal Department
E-mail: legal@teainc.org”

3. General.

A. **Headings.** Headings or captions contained in this Amendment are solely for the convenience of the Parties and shall not affect the construction or interpretation of any of the provisions of this Amendment.

B. **Amendment.** Except as modified under this Amendment, the remaining terms of the Agreement remain in full force and effect. This Amendment may be amended by an instrument in writing signed by an authorized representative of each Party.

C. **Counterparts and Electronic Signatures.** This Amendment may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one agreement. Electronic signatures of authorized representatives of the Parties to this Amendment, in PDF or other mutually acceptable digital formats (e.g., DocuSign or Adobe Sign), shall be deemed originals for all purposes and shall have the same force and effect as manually executed original signatures.

[Signatures appear on following page]

IN WITNESS WHEREOF, this Amendment is executed by an authorized representative of each Party.

The Energy Authority, Inc.

Valley Clean Energy Alliance

By: _____

Name: Joanie C. Teofilo
Title: President and CEO

By: _____

Name: Mitch Sears
Title: Executive Officer

DRAFT

**AGREEMENT BETWEEN THE VALLEY CLEAN ENERGY ALLIANCE
AND
THE ENERGY AUTHORITY, INC.
FOR
PORTFOLIO MANAGEMENT, SCHEDULING COORDINATOR, LOAD FORECASTING, AND CREDIT
SUPPORT SERVICES**

THIS AGREEMENT is entered into this 9th day of December 2022 (the "Effective Date"), by and between the **VALLEY CLEAN ENERGY ALLIANCE**, a Joint Powers Authority organized and operating under the laws of the State of California, with its principal place of business at 604 Second Street, Davis, California, 95616 ("VCE"), and **THE ENERGY AUTHORITY, INC.**, a Georgia non-profit corporation, whose address is 301 W. Bay Street, Suite 2600, Jacksonville, Florida 32202 (hereinafter referred to as "Consultant" or "TEA") (collectively referred to as the "Parties" and individually as a "Party").

RECITALS:

A. VCE is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. VCE and Consultant desire to enter into an agreement for portfolio management, scheduling coordinator, load forecasting, and credit support services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on the Effective Date, and shall remain in effect for a period of three (3) years (the "Initial Term") from the Effective Date, unless terminated earlier as set forth herein. At the end of the Initial Term, the Agreement may be renewed for two (2) additional two (2) year terms (each a "Renewal Term"), upon written agreement by the Parties or terminated. Notwithstanding the foregoing, the commencement of

services under this Agreement shall not occur prior to the date this Agreement is executed by both Parties.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed two million four hundred seventy-six thousand nine hundred dollars (\$2,476,900.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and VCE agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards generally recognized as being employed by professionals in the same discipline in the State of California under similar circumstances and in a manner reasonably satisfactory to VCE and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall not be responsible to VCE for any errors or omissions in the performance of work pursuant to this Agreement unless such errors are the result of Consultant's gross negligence or willful misconduct. Should any such errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to VCE by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors.

6. **INDEPENDENT PARTIES**

VCE and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by VCE to its employees, including but not limited to, unemployment insurance, workers'

compensation plans, vacation and sick leave are available from VCE to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF VCE**

VCE is organized as a Joint Powers VCE in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. VCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of VCE's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

In the performance of this Agreement, Consultant, and any subconsultant under the Consultant, shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation, military or veteran status, or other basis prohibited by law, except as provided in Government Code Section 12940. Consultant shall have responsibility for compliance with this Section.

9. **HOLD HARMLESS AND INDEMNIFICATION**

A. General Indemnification. To the fullest extent permitted by law, each Party shall, at its sole cost and expense, defend, hold harmless and indemnify the other Party and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those agents serving as independent contractors in the role of Party officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including reasonable fees of accountants, attorneys, or other professionals and all costs associated therewith (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of a Party, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that the Party shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the gross negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. The indemnifying Party shall defend the Indemnitees

in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. The indemnifying Party shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

B. The cumulative maximum amount of either Party's Liabilities, if any, arising from any and all claims, lawsuits, actions, other legal proceedings by the other Party or any other person or entity arising out of or in connection with performance or nonperformance hereunder, whether based upon contract, warranty, tort, strict liability, or any other theory of liability, shall be no more than six (6) months' compensation hereunder (exclusive of payments made for any power supply or expenses).

C. Risk Management Services. In providing services under this Agreement, in no event shall Consultant be liable to VCE for losses which VCE may incur by reason of engaging in risk management strategies recommended by Consultant, whether or not implemented by VCE, or due to recommendations not made by Consultant in the provision of any risk management services, unless such losses are the result of gross negligence or willful or reckless misconduct on the part of Consultant.

D. Intellectual Property. Consultant hereby certifies that it owns, controls, or licenses and retains all right, title, and interest in and to any intellectual property it uses in relation to this Agreement, including but not limited to source code, content, and other technology relating to any part of the services and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights"), except as otherwise expressly provided by this Agreement. Such IP Rights shall remain the exclusive property of Consultant. Consultant warrants that the services to be provided pursuant to this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party.

E. The acceptance of the services by VCE shall not operate as a waiver of these rights of indemnification. The hold harmless and indemnification provisions of this section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability.

F. Each Party's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

10. **INSURANCE**

A. **General Requirements.** On or before the commencement of the term of this Agreement, Consultant shall furnish VCE with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by

this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to VCE by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to VCE and licensed to do insurance business in the State of California. Endorsements naming VCE as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look to his/her/its insurance for recovery, as opposed to any insurance held by VCE. Consultant hereby grants to VCE, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or VCE with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against VCE by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, VCE shall have an immediate right to terminate this Agreement at VCE's option.

D. Additional Insured. VCE, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof.

Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by VCE are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. CONFLICT OF INTEREST; NON-EXCLUSIVE RELATIONSHIP.

- A. Each Party warrants that it, its officers, employees, associates and subcontractors, presently have no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Each Party and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090.
- B. VCE hereby expressly acknowledges that part of the value of the services to be provided by Consultant comes from Consultant providing the same or similar services as contemplated under this Agreement to other entities. VCE acknowledges that the expertise and business plan of Consultant requires that it be able to represent multiple parties and that the services rendered thereby are and may be beneficial to VCE.
- C. Notwithstanding the nature of the Services, VCE specifically acknowledges that Consultant is not precluded from representing or performing similar or related services for, or being employed by, other persons, companies, or organizations, provided that such services do not violate any applicable conflict of interest laws.
- D. VCE further acknowledges that VCE, from time to time, has established or may establish contractual relationships with users of power resources or natural gas, and generators or producers of such power resources or natural gas. Notwithstanding the existence of such contractual relationships, VCE desires the assistance of Consultant as provided in this Agreement. VCE specifically represents to Consultant that the existence of such contractual relationships does not in and of itself create a conflict of interest unacceptable to VCE.
- E. The Parties specifically recognize and accept that there may be purchases and sales of power, natural gas, and financial instruments between and among Consultant's clients, including VCE, and that such transactions are the normal course of business in providing the services and do not create any conflict of interest for Consultant in carrying out its obligations pursuant to this Agreement.
- F. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff VCE, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Neither Party shall assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of the other Party. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from VCE under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to VCE by Consultant.

13. **SUBCONTRACTOR APPROVAL**

Consultant will provide VCE with a list of key staff who have been designated to work on VCE's services. However, VCE acknowledges that any of Consultant's employees may provide support services for VCR from time-to-time. Unless prior written consent from VCE is obtained, only those subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within any subcontract(s) with any and all subcontractors selected by Consultant to perform services for VCE the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant to perform services for VCE shall agree to be bound to Consultant and VCE in the same manner and to the same extent as Consultant is bound to VCE under this Agreement. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor who is hired to perform services for VCE. Consultant shall require any such subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to VCE.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant specifically and exclusively for VCE pursuant to this Agreement, shall be the

exclusive property of VCE. Consultant shall not copyright any Report required by this Agreement and all publication rights are reserved to VCE. Consultant may retain a copy of any Report furnished to VCE pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by VCE in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other VCE projects as VCE deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as VCE may reasonably require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by VCE.

F. VCE shall be the owner of and shall be entitled upon request to possession of accurate, reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to all reimbursed costs, expenses, and receipts that relate to the performance of services under this Agreement in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. During the term of this Agreement and for a period of three years from the date of final payment under this Agreement, and no more than once per year, Consultant shall provide reasonable access, during its normal hours and at VCE's own expense, to such books and records to a representative of VCE or its designee to examine and audit same, and to make transcripts therefrom as necessary. Copies of audit reports shall be provided to Consultant upon Consultant's payment of reasonable copying and delivery costs. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from VCE for all services required under this agreement

16. **PARTY REPRESENTATIVES**

The Executive Officer ("VCE Representative") shall represent VCE in all matters pertaining to the services to be performed under this Agreement. Consultant's Client Service Manager for

VCE (“Consultant Representative”) shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **INFORMATION AND DOCUMENTS**

A. The Parties agree that all data, reports, documents, discussion, or other information (collectively “Data”) developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall be subject to the terms of the Non-Disclosure Agreement in Attachment B hereto.

B. In the event VCE gives Consultant written notice of a “litigation hold”, then as to all data identified in such notice, Consultant shall, at no additional cost to VCE, isolate and preserve all such data pending receipt of further direction from VCE.

C. The Parties’ covenants under this section shall survive the expiration or termination of this Agreement.

18. **NOTICES**

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant’s and VCE’s regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO VCE:

For billing and invoices:

Attn: Alisa Lembke

Phone: (530) 446-2750

Email: Accounting@valleycleanenergy.org

For all other notices:

Valley Clean Energy Alliance

604 Second Street

Davis, CA 95616

Attention: Executive Officer

TO CONSULTANT:

For billing and invoices:

The Energy Authority, Inc.
301 West Bay Street, Suite 2600
Jacksonville, FL 32202
Attention: Accounts Payable Department
E-mail: accountspayable@teainc.org

For all other notices:

The Energy Authority, Inc.
301 W. Bay Street, Suite 2600
Jacksonville, Florida 32202
Attention: Legal Department
E-mail: legal@teainc.org

19. **TERMINATION**

In the event either Party fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, such Party shall be deemed in default in the performance of this Agreement. If a Party fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in the written notice of default, and in addition to any other remedy available to a Party by law, the VCE or Consultant Representative may terminate the Agreement by giving the other Party written notice thereof, which shall be effective immediately.

The VCE or Consultant representative shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving 'six (6) months' prior written notice to the other Party as provided herein.

In the event of VCE's termination of this Agreement due to no fault or failure of performance by Consultant, VCE shall pay Consultant for services performed up to the effective date of termination. Upon termination, Consultant shall promptly deliver to VCE any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of VCE, provided, however, that Consultant may retain copies of information contained in Consultant's backup archives or necessary for Consultant's compliance, audit requirements, tax, billing, or other financial purposes, to be used solely for such purposes and maintained at the standard set forth in the NDA or as Consultant maintains its own confidential information, whichever is more stringent.

20. **COMPLIANCE WITH LAWS**

Each Party shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Each Party shall, at all times, observe and comply with all such laws and regulations. A Party, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the other Party to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to VCE that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the Parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Yolo, State of California.

22. **ADVERTISEMENT**

Neither Party shall post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from other Party to do otherwise. Notwithstanding the above, Consultant acknowledges that VCE is a public agency subject to the Brown Act and Public Records Act and may be required to discuss the Agreement or services performed hereunder, or provide such related documents under these laws.

23. **WAIVER**

A waiver by a Party of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both VCE and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

28. **VCE'S RIGHTS TO EMPLOY OTHER CONSULTANTS**

VCE reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

29. **EXHIBITS**

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

30. **FORCE MAJEURE**

Neither Party shall be liable for any failure to perform its obligations under this Agreement if such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental

regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

31. **ATTORNEY FEES**

In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

32. **SEVERABILITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

33. **SUCCESSORS AND ASSIGNS**

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

34. **NO THIRD PARTY BENEFICIARIES INTENDED**

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

35. **COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE**

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

36. **DRAFTING PARTY**

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

IN WITNESS WHEREOF, the Parties have caused _____ to be executed a

Dec 14, 2022

A Joint Powers Authority

By: _____
Name: Mitch Sears
Title: Executive Officer
Date: _____

APPROVED AS TO FORM:

Counsel for VCE

Exhibit A
Scope of Services

During the Term of this Agreement, TEA shall provide to VCE certain program operation services (hereinafter, the “Operational Services” or “Program Operations”) as more particularly described herein. For purposes of this Agreement, the Operational Services provided by TEA are separated into and described in Section A.2 (Portfolio Management), Section A.2 (Scheduling Coordinator), Section A.3 (Long Range Forecast), and Section A.4 (Credit Support). Section A.1 (Provision of Trading Services and Allocation of Trading Products) describes the relationship between Parties as it pertains to the provision the Operational Services.

Section A.1 Provision of Trading Services and Allocation of Trading Products

A.1.1 Provision of Trading Services – TEA as principal in transaction.

A.1.1.1 TEA shall provide trading services on behalf of VCE with TEA acting as principal in the transaction utilizing trading agreements between TEA and its counterparties (referred to herein as TEA “trading as principal”), including, but not limited to, transacting as principal in the transaction with third parties for electricity products or with the CAISO. Trading as principal shall include electric power, renewable energy credits, resource adequacy capacity, CAISO services, associated transmission, and other related or ancillary services (collectively, “Trading Products”) between TEA and its counterparties. In performing such trading services, TEA will, on the terms and subject to the conditions set forth in this Agreement, be entitled to enter into matching purchase or sale transactions with VCE and third party transaction counterparties (“Transaction Counterparties”) under which TEA may purchase Trading Products from VCE for resale to one or more Transaction Counterparties, or may purchase Trading Products from one or more Transaction Counterparties for resale to VCE (any such transaction with a Transaction Counterparty a “Matching Transaction”).

A.1.1.2 Unless otherwise mutually agreed to by the Parties, any Trading Products purchase or sale transaction between TEA and VCE under a Matching Transaction shall be on the same terms and conditions (except for billing and payment, which shall be pursuant to this Agreement) as the terms and conditions of the applicable Matching Transaction between TEA and the applicable Transaction Counterparty. In the event that TEA purchases Trading Products on behalf of VCE in a Matching Transaction, TEA shall resell such Trading Products to VCE at the same price as TEA paid for such Trading Products, and VCE shall pay TEA the amount payable by TEA to the Transaction Counterparty and the amounts payable to any third parties related to the purchase of Trading Products, including, but not limited to, transmission service charges, transmission loss payments costs, CAISO fees and assessments, and the like, incurred by TEA. In the event that TEA purchases Trading Products from VCE for purposes of resale to a Transaction Counterparty under a Matching Transaction, TEA shall pay to VCE the amount paid by the Transaction Counterparty to TEA less the amounts payable to any third parties related to the purchase of Trading Products from VCE and resale to the Transaction Counterparty, including,

but not limited to, transmission service costs, transmission loss payments, CAISO fees and assessments, and the like, incurred by TEA.

A.1.1.3 Notwithstanding any provision of this Section to the contrary, if the Transaction Counterparty to a Matching Transaction is another TEA client for which TEA is providing trading services, the price of the transaction shall be set at market.

A.1.1.4 Notwithstanding any terms of this Agreement, nothing contained in this Agreement hereto shall be construed as requiring TEA to execute any transaction as principal in the transaction where such transaction or traded commodity or instrument is regulated under regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

A.1.1.5 VCE agrees to provide credit enhancement to support VCE specific transactions executed by TEA as principal in the transaction, as more particularly described in Section A.5 below. In the event that VCE is unable to provide such requested credit enhancement, TEA will attempt to source supply from CAISO, but only to the extent of TEA's credit limit with CAISO related to VCE transactions. In the event TEA is unable to source supply from CAISO, then TEA shall have no obligation to proceed with any transaction in regard to which the enhancement was requested. To the extent that VCE prefers to enter directly into a contract with the counterparty, TEA may execute the transactions as VCE's agent, provided the counterparty's credit requirements are met by VCE. In any such case, VCE becomes the principal to the transaction with the counterparty and the counterparty relies on VCE's credit.

A.1.1.6 TEA shall not be liable to VCE for the failure of any counterparty, including but limited to any Transaction Counterparty (i.e. when TEA is trading as principal in the transaction), to pay or perform on its obligations. In the event of such failure by a Transaction Counterparty, TEA shall pursue any action against such defaulting entity at the direction of VCE, at VCE's sole cost and expense.

A.1.1.7 Under no circumstances shall TEA be liable to VCE for the failure of CAISO to pay, or for assessments made by the CAISO for any of the CAISO's Scheduling Coordinators' failure to pay or perform, related to transactions with the CAISO performed on VCE's behalf by TEA as principal in the transaction (i.e. TEA acting as Scheduling Coordinator on VCE's behalf), unless such failure to pay or assessments result from TEA's breach of this Agreement, subject in all cases to the limitations contained in Section 9 hereof.

A.1.1.8 If VCE interrupts a financially firm sale transaction without the contractual right to do so, TEA shall use reasonable efforts to purchase replacement capacity and energy in the wholesale marketplace and deliver it. VCE shall receive any resulting gain or be responsible for any resulting loss on the transaction.

A.1.1.9 Unless otherwise mutually agreed to by the Parties in writing, TEA shall have no obligation to enter into transactions on behalf of VCE utilizing TEA's trading agreements that extended beyond the current termination date of this Agreement, which termination date shall be the last day of the current (i) Initial Term or (ii) if applicable, Renewal Term. If the term of this Agreement is terminated early due to an Event of Default other than bankruptcy, then for existing transactions, TEA and VCE will continue to operate under the terms of this Agreement with regard to such transactions until such time as the individual transactions terminate or are fully settled. Nothing in this Agreement shall prevent TEA and VCE from agreeing to settle any such transaction prior to the previously agreed settlement date of the transaction. Obligations between the Parties to pay for transactions or other Services effected or rendered hereunder shall remain in force notwithstanding the termination of this Agreement.

A.1.2 Provision of Trading Services – TEA as agent in transaction.

A.1.2.1 As mutually agreed to in writing by the Parties, TEA will provide trading services pursuant to this Agreement by trading as agent for VCE utilizing trading agreements between VCE and its counterparties. VCE agrees that effecting a change from TEA trading as principal to TEA trading as agent under transactions made on VCE's behalf does not release VCE from its obligations to TEA resulting from obligations incurred by TEA under transactions made while trading as principal.

A.1.3 Allocation of Trading Products

A.1.3.1 VCE recognizes that from time to time the Trading Products (as defined in Section A.1.1.1 of this Agreement) that TEA purchases or sells for VCE and other entities may require allocation of amounts available among all such entities including VCE. Decisions by TEA to transact VCE's Trading Products in the market will be made on a non-discriminatory basis and will be based on the same methods and procedures used to purchase or sell Trading Products on behalf of TEA's other clients that hold agreements similar to this Agreement.

Section A.2 Portfolio Management

A.2.1 Power Purchases

Subject to Section A.1 of the Agreement, TEA shall provide trading services on behalf of VCE with TEA acting as principal or agent in the transaction utilizing trading agreements between TEA and its counterparties, including but not limited to transacting with third parties or with CAISO for electricity products, including energy, resource adequacy capacity, ancillary services, and environmental attributes. As part of this effort TEA shall develop, maintain, and manage relationships with qualified market participants on behalf of VCE.

A.2.2 Long-Term Power Procurement

TEA shall assist VCE with (i) issuing RFPs for power supplies, (ii) evaluating bids and developing short-lists and (iii) negotiating the business terms of agreements for long-term power with the prevailing candidates. As part of this effort TEA shall develop, maintain, and manage relationships with qualified market participants on behalf of VCE.

A.2.3 Financial and Portfolio Modeling

For the purposes of ongoing risk analysis, budgeting, financial planning, portfolio optimization, and other applications, TEA shall maintain a financial/portfolio model of VCE's financial projections, which typically include load, rates design, resources with associated costs, market prices, various fixed costs and CAISO fees, executed short-term market transactions, program goals and compliance requirements, and any other variables, as necessary, to inform a complete cost and power portfolio picture for VCE, including hedges, RA, and environmental procurement. TEA shall coordinate with VCE staff on all necessary inputs required to derive an accurate financial and power portfolio projection. The financial model shall be updated daily with the most recent market price information and hedge transactions. VCE shall have on-demand access to the most recent model runs through a web portal.

A.2.4 Risk Modeling

For the purposes of ongoing risk analysis, portfolio optimization, and other applications, TEA shall apply its modeling framework for VCE. The risk model generates scenarios by using inputs for several variables that may include market implied heat rates, natural gas prices, power prices, load variables, and other relevant inputs. The risk model will be used as an important component to the entire risk management function, including calculating potential variability in VCE's cash flows to inform the analysis and recommendation of hedging transactions.

A.2.5 Advisement on Portfolio Optimization

TEA shall provide advice to VCE staff regarding long-, medium, and short-term resource optimization, including recommended procurement strategies, solicitation structure and timing, preferred products to meet VCE's defined goals and targets, and trade-offs among these, taking into account all power procurement policies and risk management guidelines as well as TEA's ongoing market fundamentals and technical analyses.

A.2.6 Congestion Revenue Rights ("CRR") Bid Strategy Development and Implementation

TEA shall manage the annual and monthly CRR nomination and allocation process on behalf of VCE. Annually and monthly, TEA shall provide VCE with an estimate of the dollar value of the potential CRRs based upon historic and forecasted Locational Marginal Prices for the source and sink pricing nodes associated with the applicable source and load pricing nodes, and TEA shall consult with VCE to select the CRRs to nominate. Selection of any CRRs to nominate shall be at VCE's sole discretion. TEA shall nominate any CRRs selected by VCE and TEA shall notify VCE of the CRRs awarded for VCE's account. TEA shall review the settlement statement and invoices associated with the CRRs for accuracy. Unless otherwise agreed by the Parties, VCE shall be responsible for any required collateral support due to the CAISO to support the CRR auction process.

A.2.7 Undertaking Continual Risk Management

TEA shall assist VCE in maintaining its formal framework for performing continual risk management as memorialized through VCE's approved risk management policy and procedures documents. TEA will also assist VCE in developing and maintaining these prudent power procurement policies, risk management policies, credit policies, and long-term hedging guidelines. This effort will be overtaken jointly by TEA's Portfolio Management team and its Credit & Risk team, which shall perform mid-office functions on VCE's behalf, such as counterparty credit evaluation and limit monitoring.

TEA shall be available on a monthly basis for a meeting with members of VCE's enterprise risk oversight committee (EROC) meetings. TEA shall compile all risk-related information related to its Operational Services into a single document or presentation that can be reviewed and discussed at the monthly meeting. Upon approval by VCE, the results of the monthly meeting shall serve as the approved strategy guide for TEA market activities on behalf of VCE for the prompt month. This agreed upon strategy shall be consistent with VCE's program goals, risk policies, and compliance requirements. The strategy will incorporate TEA's current market outlook and discussion of expected VCE loads and resources. The Parties agree no strategy shall be adopted which violates the risk policies of VCE or TEA.

At VCE's direction, a TEA representative shall be available on a quarterly basis to help prepare and present to the VCE Board of Directors on risk management, financial, and procurement-related issues.

A.2.8 Regulatory and Legal Compliance

TEA shall perform the following compliance related activities:

- Prepare and submit monthly and annual Resource Adequacy ("RA") showings to the California Public Utilities Commission ("CPUC") and CAISO and otherwise act as a point of contact with regulatory agencies regarding RA requirements and compliance;
- Prepare and submit historical load, monthly, and annual load forecasts to the CPUC and California Energy Commission ("CEC"), and separately to PG&E as part of the Electric Resource Recovery Application Meet and Confer process;
- Prepare and submit annual filing and verification documentation for the CA Air Resources Board's ("CARB") Mandatory Reporting Requirement, and, in the event that VCE is a first importer of power, support the efforts of a third-party verification body on behalf of VCE;
- Assist VCE with preparing its annual RPS Procurement Plan and RPS Compliance Report;
- Assist VCE with preparing annual Power Source Disclosure and Power Content Label;
- Support or review of portfolio-related quantitative data for VCE's IRP and review of all narrative text as requested; and
- Assist VCE with preparing responses to CPUC data requests, as needed

TEA's contractual obligations under this section shall be limited to performing the activities outlined above and preparing the required load and/or generation data in a format consistent with that established by the applicable regulatory agency and/or VCE. Certain compliance filings may require VCE or VCE's legal counsel to assist with preparing written documentation and providing submittals to the appropriate service list.

TEA shall monitor regulatory and compliance obligations and requirements associated with operating in the CAISO market and under the various regulatory agencies applicable to VCE and the Operational Services provided by TEA, e.g. TEA shall report on changes to the RA processes or market rules by the CAISO, CPUC, CEC, or other regulatory bodies and discuss potential impacts to VCE with VCE staff.

Section A.3 Scheduling Coordinator

TEA shall be the Scheduling Coordinator (“SC”) in the CAISO market on VCE’s behalf and shall provide a comprehensive suite of SC and related services to fulfill the requirements of a SC, including meeting all FERC and CAISO-related requirement for an SC. TEA shall conduct the following activities while performing its duties and responsibilities as SC on VCE’s behalf:

- **Maintain credit facilities with CAISO.** Subject to Section A.5 contained herein, TEA shall maintain credit with the CAISO sufficient to make payments to, and receive payments from, the CAISO on VCE’s behalf.
- **Provide daily forecast of VCE hourly loads.** Each business day TEA shall generate an hourly forecast of loads for the next 7 days for VCE. TEA shall periodically reconcile the short-term load forecast with VCE’s long-term load forecast to reduce forecasting errors.
- **Submit demand bids to Day Ahead (“DA”) market.** TEA shall submit Demand Bids to the CAISO Day Ahead Market to meet VCE’s forecasted load requirements. TEA shall monitor and compare Demand Bid information resident in the CAISO portal with submitted information and use commercially reasonable efforts to validate Day Ahead Market data submissions.
- **Submit supply bids to DA and Real-Time market (both economic and self-schedule).** To the extent that TEA enters into agreements on behalf of VCE or VCE directly enters into agreements with generators to acquire the output of a specific generating resource, TEA shall provide the scheduling, optimization, and settlement activities required to schedule VCE’s supply agreements with CAISO, including outage coordination. For any supply agreements linked to a specific generation source, VCE shall require its counterparty to provide TEA with a forecast of expected hourly generation levels that TEA will use in submitting day-ahead supply offers to CAISO.
- **Develop resource optimization strategies.** TEA shall monitor resource performance on behalf of VCE and provide recommendations for resource scheduling and dispatch to support portfolio optimization strategies. This includes the use of TEA’s priority STORA software for battery storage (co-located, hybrid, or standalone) dispatch optimization, which will be customized for each applicable VCE resource. TEA shall also analyze and monitor contract requirements for each resource and provide recommendations and strategies to utilize contractual provisions to VCE’s benefit.
- **Support on-boarding of new resources into VCE portfolio.** TEA shall provide pre-commercial online date support, including but not limited to modeling and support during resource testing, incorporating resources into existing systems, typing Scheduling Coordinator Identification Number (SCID) to resources, determining objectives and constraints for optimizing resources, developing bidding strategies, and providing metrics for performance.
- **Settlement validation and allocation of costs.** TEA shall use reasonable efforts to validate CAISO invoices. Should TEA and VCE elect to dispute a CAISO invoice amount, TEA shall file a dispute with CAISO pursuant to the CAISO tariff. Once a dispute determination has been made

by CAISO, further appeals or action from TEA on VCE's behalf would be provided as requested and paid for by VCE on a time and materials basis using the billing rates provided in Exhibit C herein.

- **Act as VCE's UAA.** TEA shall provide all necessary functions as VCE's UAA, including coordinating with VCE, counterparties, and the CAISO for data & documentation needs, as well as providing access to the relevant CAISO Market Participant Portal tools.
- **Maintain appropriate back-office and mid-office functions to support SC efforts.** TEA shall maintain a robust back-office and mid-office in support of its SC work for VCE, including operating a deal capture system that meets all FERC requirements, performing month-end checkouts and settlements for physical and financial energy, energy related product transactions, inter-SC trades (ISTs) and initiate and process related disputes, and providing other contract management functions as Parties mutually agreed
- **Perform Additional Tasks.** In addition to the above, TEA shall provide the following:
 - Import schedule, as required, including preparing e-tags.
 - Coordinating with generation operators to forecast generation.
 - Coordination of unit outages with generation operators and CAISO
 - IST for system power transactions
 - Coordinate with VCE's third-party meter data management provider to obtain settlement quality meter data as necessary
 - Provide data and data analysis as needed to support VCE compliance reporting.
 - Act as VCE's WREGIS Agent and provide REC compliance coordination and reporting
 - Develop, maintain, and provide regular daily and monthly reports regarding the above activities performed as SC, including engagement in VCE's monthly EROC meetings or weekly operational briefings

Section A.4 Long Range Load Forecast

TEA shall develop and maintain a long-term (10-year) load forecast model by customer load class for use by VCE and TEA staff in portfolio planning and financial planning. TEA's load forecast will be developed via appropriate AI and machine-learning modeling techniques. The long-term load forecast will incorporate, as appropriate:

- Historical load data and customer counts
- Historical economic data
- Quantitative & qualitative impacts from prevailing conditions and forecasted developments (e.g. increased distributed energy resource penetration)
- Scenario analysis as requested, including building electrification, EV adoption, etc.

TEA shall update VCE's long-term load forecast in Q1 of each year to meet various compliance requirements, and will revise as needed in the remainder of the year.

Section A.5 Credit Support

TEA shall provide credit support services to VCE by acting as principal (as described in Section A.1.1) on all wholesale market and bilateral transactions going out 24 months, contingent on VCE meeting TEA creditworthiness and credit assurance standards, as determined via a review of two years of audited financials and/or an assigned investment-grade credit rating. Credit assurance standards may include a

requirement of cash or letter of credit posting by VCE for transactions undertaken by TEA as principal above a set credit support limit.

Upon both Parties' written agreement, TEA shall act as agent (as described in Section A.1.2) for transactions beyond 24 months in term.

Exhibit B
Schedule of Performance

TEA shall begin Program Operations on behalf of VCE as described in the table below. Both parties acknowledge that several months of start-up effort will be required to transition the full scope of services as described in Exhibit A to TEA due to logistical constraints, prudent risk management practices, and regulatory/compliance requirements.

As described in Section 1, TEA's services may be renewed for up to two additional two-year terms upon written agreement by both parties.

This schedule may be modified with the written approval of VCE.

Task	Begin	Complete
1. Section A.2 Portfolio Management	01/01/2023	12/31/2025
2. Section A.3 Scheduling Coordinator	01/01/2023	12/31/2025
3. Section A.4 Long Range Load Forecasting	01/01/2023	12/31/2025
4. Section A.5 Credit Support Services	01/01/2023	12/31/2025

Exhibit C
Compensation, Settlement, Billing, and Payment Terms

Section C.1 Compensation

VCE shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the fixed monthly fee for each year of the three-year Initial Term as set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of two million four hundred seventy-six thousand nine hundred Dollars (\$2,476,900), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to VCE unless previously approved in writing by VCE.

Section C.1.1 Monthly Fixed Fee

Task	Year 1 Monthly Service Fee (\$/Month)	Year 2 Monthly Service Fee (\$/Month)	Year 3 Monthly Service Fee (\$/Month)
Section A.2 Portfolio Management			
Section A.3 Scheduling Coordinator			
Section A.4 Long Range Load Forecasting			
Section A.5 Credit Support Services			
Total			

As described in Section 1, Consultant’s services may be renewed for up to two additional two-year terms upon written agreement by both parties. If the Agreement were extended for one or more Renewal Term(s), the Monthly Service Fee would be escalated annually at the greater of CPI or 3%,

Section C.1.2 Hourly Billing Rates

For additional services not provided for in Exhibit A and requested by VCE, VCE shall pay TEA on a time and materials basis using the hourly billing rates provided in the table below. TEA’s billable hourly fees, if any, will be tracked and itemized for each month in which additional TEA services are performed.

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TEA 2023 Billing Rates⁽¹⁾	
Job Group	Billing Rate (\$/hour)
Principal Consultant	\$357
Senior Consultant / Project Manager	\$305
Consultant	\$221
Analyst	\$173
Clerical	\$110
<i>⁽¹⁾Billing rates subject to change after December 31, 2023.</i>	

Section C.1.3 Invoices

C.1.3.1 Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to VCE for the applicable Monthly Service Fee describing the services performed and the applicable charges. Any additional fees associated with billable hourly fees or reimbursable expenses will include an itemization of any costs, charges, or expenses incurred which are reimbursable to Consultant (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed). VCE shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth herein. Payments shall be made via electronic transfer as either an Automated Clearing House or wire transfer in United States Dollars. Payments owed pursuant to this Agreement and not received when due shall be considered overdue. Consultant reserves the right to charge interest on any unpaid amounts at a rate equal to the prime interest rate as established by PNC Bank, N.A. plus 300 basis points.

Independent of fees paid for services under this Agreement, VCE shall reimburse Consultant for all reasonable actual costs and charges assessed against Consultant incurred in the performance of services, which are approved in writing in advance. Any such obligations that are incurred prior to termination of this Agreement shall survive the termination of this Agreement.

In the event that any portion of an invoice for Consultant's compensation is in dispute, the undisputed amount shall be paid when due and payment may be withheld on the disputed amount. VCE shall notify Consultant as soon as practical of the reason for the dispute, and the Parties shall cooperate to resolve the dispute.

C.1.3.2 Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by VCE. Actual out-of-pocket expenses for travel and participation in on-site meetings are in addition to the compensation for Services as outlined above. Travel costs such as airfare, hotel, ground transportation, per diem or meals (hereinafter, "Expenses") shall be billed in the amount incurred by Consultant for actual out-of-pocket cost, without any additional mark-up by Consultant. Any Expenses incurred shall be billed for the month in which the Expenses are incurred. Air travel shall be purchased

at coach class fares, with advance purchase discounted tickets used when scheduling permits. Expense reports detailing all Expenses, along with receipts, shall be presented to VCE for reimbursement.

C.1.3.3 Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from VCE Representative prior to commencement of any additional services. Consultant shall submit, at the VCE Representative's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

Section C.2 CAISO Settlement, Billing, and Payments

TEA shall provide services as Scheduling Coordinator ("SC") representing VCE in CAISO. TEA shall provide VCE with a statement of CAISO settlement activities on a regular basis in coordination with CAISO's settlement calendar (i.e., currently weekly). Additionally, each month TEA shall provide VCE with an aggregate or estimate of VCE Transactions based on available information from CAISO. For Transactions executed by TEA as principal in the Transaction for VCE's account within CAISO, VCE shall owe TEA for the Transactions, and TEA shall make weekly payments to CAISO in a timely manner. Any amounts received from CAISO on behalf of VCE shall serve as a credit to the respective weekly payment by TEA to CAISO for Transactions made on behalf of VCE and due by VCE.

TEA shall use reasonable effort to validate CAISO invoices based on a review of actual CAISO charges. Should TEA and VCE elect to dispute a CAISO invoice amount, such dispute shall be in accordance with Section A.3 of this Agreement.

Section C.3 Physical Bilateral Power Transactions with TEA as Principal in the Transactions

For Transactions executed by TEA as principal in the Transaction for VCE's account with counterparties other than CAISO (such as non-CAISO counterparties referred to herein as "Bilateral Counterparties"), VCE shall owe TEA for the Transactions, and TEA shall make monthly payments to such Bilateral Counterparties, in a timely manner, contingent on the following:

On or before the 5th business day of each month, TEA shall provide VCE with an invoice or statement of TEA's monthly payment to Bilateral Counterparties (the "Monthly Payment") owed, including immediately preceding month's activities and settlement due related to Transactions with Bilateral Counterparties during the monthly billing period. Monthly Payments owed shall include any related penalty, interest, payments, or credits. If an amount is due VCE, considering all amounts owed between the Parties under this Agreement, then TEA shall make a payment to VCE. If an amount is due TEA, VCE shall make a payment to TEA by the 10th of each month. Payments shall be made by electronic transfer as either an Automated Clearing House ("ACH") or wire transfer in United States Dollars.

Notwithstanding the above provision of this Exhibit, billing and payment provisions for these Transactions are dependent upon the market rules or contracts governing the specific transactions. If said billing and payment provisions require earlier payments than the provisions of this Section, then billing and payment shall be in accordance with the earlier payment provisions of such contracts or market rules.

Section C.4 Other Products

For any other products which are not covered in Sections C.2 through C.3, and which are procured or transacted by TEA on behalf of VCE, VCE shall make payments to TEA at least one (1) business day in advance of the date payment is due.

Exhibit D
Insurance Requirements and Proof of Insurance

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

(1) **Workers' Compensation:**

Statutory coverage as required by the State of California.

(2) **Liability:**

Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

(3) **Automotive:**

Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

(4) **Professional Liability**

Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION 2024-___

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE (VCE) APPROVING AMENDMENT ONE (1) TO THE AGREEMENT WITH THE ENERGY AUTHORITY, INC. (TEA) FOR PORTFOLIO MANAGEMENT, SCHEDULING COORDINATOR, LOAD FORECASTING, AND CREDIT SUPPORT SERVICES AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND 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, Board of Directors of the VCE approved Resolution 2022-038 which authorized VCE to enter into a wholesale energy services (WES) agreement with TEA; and,

WHEREAS, the existing WES agreement with TEA expires December 31, 2025; and,

WHEREAS, VCE’s energy risk guidelines require multi-year transactions (e.g. hedging) which exceed the existing agreement term; and,

WHEREAS, amendment one extends the existing agreement so that TEA can transact of VCE’s behalf for multi-year transactions; and,

WHEREAS, staff recommend that VCE enter into amendment one to the agreement with The Energy Authority, Inc.

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

1. The VCE Executive Officer, in consultation with VCE Legal General Counsel, is authorized to finalize, approve, and execute on behalf of VCE Amendment One (1) with The Energy Authority, Inc.

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PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of July 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

ATTEST: _____
Alisa M. Lembke, VCE Board Secretary

Attachment: Amendment One (1) to The Energy Authority Agreement

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

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

SUBJECT: Authorize Executive Officer to Approve Lockbox Agreement with River City Bank and The Energy Authority

DATE: July 11, 2024

RECOMMENDATION

Authorize Executive Officer to Approve Lockbox Agreement with River City Bank and The Energy Authority.

BACKGROUND & ANALYSIS

In December 2022, the VCE Board approved an agreement with The Energy Authority as VCE's new Wholesale Energy Services (WES) provider. Wholesale Energy Services represent the core activities of VCE (and any other CCA): procuring electricity for its customers. An experienced and reliable service provider for the range of WES activities required by VCE is critical to the organization's continued success. TEA provides Credit Support needed to facilitate transactions associated with VCE's power supply, excluding the long-term PPAs executed in VCE's name as outlined below.

A lockbox is a secure, business-specific account for receiving payments. It's managed by a financial institution for payment processing. Lockboxes are tailored for businesses to streamline customer payment processing.

VCE/TEA Services Agreement: Section A.5 Credit Support

Under the VCE/TEA services agreement, TEA provides credit support services to VCE by acting as principal (as described in Section A.1.1) on all wholesale market and bilateral transactions going out 24 months. This service is contingent on VCE meeting TEA creditworthiness and credit assurance standards, as determined via a review of two years of audited financials and/or an assigned investment-grade credit rating. Credit assurance standards may include a requirement of cash or letter of credit posting by VCE for transactions undertaken by TEA as principal above a set credit support limit.

Upon both Parties' written agreement, TEA acts as agent (as described in Section A.1.2) for transactions beyond 24 months in term.

As noted in the 2024 budget Adoption and recent financial update, forward power costs have experienced significant price increases due to increases in cost for resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources. This has a corresponding increase in the credit support and associated risks for TEA. Given these increasing costs VCE staff and TEA have determined that a deposit control agreement (“Lockbox”) is an appropriate mechanism to manage TEA’s increased exposure while maintaining VCE’s liquidity. The deposit control agreement serves to limit the impact to VCE liquidity by allowing for the use of letters of credit or cash collateral as outlined in the attached draft deposit account control agreement.

CONCLUSION

The wholesale energy services scope is an extremely important function for VCE. The partnership VCE has with TEA has been instrumental in VCE’s success to date. Wholesale energy purchases represent over 80% of VCE’s annual budget so it is important to maintain the partnership and manage associated risks while reducing the impact to VCE’s liquidity where possible.

ATTACHMENTS

1. Deposit Account Control Agreement (DRAFT)
2. Resolution 2024-XXX

DEPOSIT ACCOUNT CONTROL AGREEMENT

Date:

Debtor: Valley Clean Energy Alliance (“VCE”)

Secured Party: The Energy Authority (“TEA”)

Notice Addresses are for both VCE and TEA are as stated in Section 18, of the agreement for portfolio management, scheduling coordinator, load forecasting, and credit support services between VCE and TEA.

Depository Institution: River City Bank
Address: Attn: Cash management
2485 Natomas Park Drive, Ste. 400
Sacramento, CA 95833
E-Mail: cashmgmt@rivercitybank.com
Facsimile: 916-567-2779

1. **Definitions.** In this Agreement
 - (a) “Article 9” means Article 9 of the Uniform Commercial Code as enacted in California.
 - (b) “Control” means control of a deposit account, as defined in Article 9.
 - (c) “Debtor” means each and all of the persons or entities shown above as Debtor. All agreements of the Debtor in this Agreement are joint, several, and joint and several.
 - (d) “Depository Institution” means the Depository Institution shown above
 - (e) “Secured Party” means the Secured Party shown above.
 - (f) “Security” is defined in Article 8 of the Uniform Commercial Code.
2. **Agreement of the Parties.** VCE, TEA and the Depository Institution agree to all of the provisions in this Agreement.
3. **Security Interest.** VCE has given TEA a second priority security interest in, and has pledged and assigned to TEA, the following property (the “Collateral”):
 - (i) VCE’s existing account with the Depository Institution identified below in (ii), and all amendments, extensions, renewals and replacements of that account (collectively, the “Account”), and all existing and future amounts in the Account, and all existing and future interest and other earnings on the Account, and all proceeds.
 - (ii) Account number XXX with the Depository Institution.

The security interest, pledge and assignment are called the “Security Interest.” VCE and TEA hereby notify the Depository Institution of the Security Interest, and the Depository Institution agrees that it has been notified of the Security Interest. VCE and TEA agree and acknowledge that VCE maintains accounts other than the

Account with the Depository Institution (including without limitation, an operating account and a debt service reserve account) and that this Agreement applies only to the Account. TEA expressly disclaims any security interest in such other accounts. TEA also agrees and acknowledges that the Depository Institution has a right of setoff in one or more of those other accounts and that nothing in this Agreement has any effect on such setoff right.

- 4. Control.** If the Collateral is one or more deposit accounts under Article 9, by signing this Agreement VCE, TEA, and the Depository Institution are giving TEA Control over the Collateral (subject to Section 5 below) and are perfecting the Security Interest in the Collateral by Control. Whether or not the Collateral is a deposit account under Article 9, the Depository Institution will comply with all instructions and other directions originated by TEA. This means that the Depository Institution will comply with all orders, notices, requests and other instructions of TEA relating to the Collateral, including but not limited to orders, notices, requests and other instructions to withdraw or transfer any Collateral, and to pay or transfer any Collateral to TEA in the manner provided herein. The Depository Institution will promptly mark its records to register TEA's Security Interest in the Collateral. TEA and VCE agree that the Collateral will be dispersed as follows: 1) TEA will retain all monies due and payable to TEA, 2) TEA will fund the Reserve Account, 3) TEA will retain \$275,000, which will be applied as a credit toward the current month's services and 4) the remaining Collateral will be transferred back to VCE's operating account, in which TEA has no Security Interest and in which the Depository Institution has a right of setoff.
- 5. Rights of VCE and Others.** Until the Depository Institution receives TEA's notice that VCE's rights in the Account are suspended (the "Shifting Control Notice"), the Depository Institution will comply with all notices, requests and other instructions from VCE for disposition of funds in the Account. This includes but is not limited to orders, notices, requests or instructions to withdraw or transfer any of the Collateral, and to pay or transfer any of the Collateral to VCE or any other person or entity, but not to redeem or terminate the Account. TEA acknowledges and agrees that until the Depository Institution receives the Shifting Control Notice, VCE may transfer funds from the Account, including to other VCE accounts at the Depository Institution in which the Depository Institution has a right of setoff. After the delivery by TEA of the Shifting Control Notice to the Depository Institution, unless TEA agrees in writing: (a) the Depository Institution will not permit VCE or any other person or entity except TEA to withdraw or transfer any of the Collateral, (b) the Depository Institution will not comply with any order, notice, request or other instruction from VCE or any other person or entity except TEA relating to any of the Collateral, and (c) the Depository Institution will not pay or transfer any of the Collateral to VCE or any other person or entity except TEA, or to any other account except the Account. At all times after the Depository Institution receives the Shifting Control Notice, unless TEA agrees or unless TEA withdraws the Shifting Control Notice, the Depository Institution will not honor any check or other item drawn by VCE on the Account or any other withdrawal or transfer by VCE from the Account, except to TEA. The form of Shifting Control Notice is attached hereto as Schedule A. The Depository Institution has no duty or liability to TEA unless and until the Depository Institution receives the Shifting Control Notice.

6. Representations and Agreements. VCE and the Depository Institution represent to TEA, and agree that:

- (a) Upon the Depository Institution's receipt of the Shifting Control Notice in accordance with this Agreement, no person or entity except TEA will have Control over any of the Collateral. As of the date of this Agreement, neither VCE nor the Depository Institution has entered into any acknowledgment or agreement (including but not limited to any control agreement, pledged account agreement, blocked account agreement, or other acknowledgment or agreement) that gives any person or entity except TEA (or acknowledges) Control over any of the Collateral or any security interest, pledge, assignment, other interest, lien or other right or title in any of the Collateral, other than the security interest in favor of the Depository Institution pursuant to the Credit Agreement and related documents between the Depository Institution and VCE. Neither VCE nor, upon receipt of the Shifting Control Notice, the Depository Institution will permit any person or entity except TEA to have Control over any of the Collateral or any security interest, pledge, assignment, other interest, lien or other right or title in any of the Collateral. Neither VCE nor the Depository Institution will enter into any acknowledgment or agreement (including but not limited to any control agreement, pledged account agreement, blocked account agreement, or other acknowledgment or agreement) that gives any person or entity except TEA (or acknowledges) Control over any of the Collateral or any security interest, pledge, assignment, other interest, lien or other right or title in any of the Collateral. Unless TEA otherwise requests or agrees in writing, VCE is and will remain the sole account holder of the Account.
- (b) As of the date of this Agreement, no person or entity (except VCE, TEA, and the Depository Institution) has made a claim against any of the Collateral, or claims any security interest, pledge, assignment, other interest, lien or other right or title in any of the Collateral. VCE and the Depository Institution will immediately notify TEA if any person or entity (other than VCE, the Secured Party, or the Depository Institution) makes a claim against any of the Collateral, or claims any security interest, pledge, assignment, other interest, lien or other right or title in any of the Collateral.
- (c) The Depository Institution has not issued, and will not issue, any Security for any of the Collateral, and the Depository Institution has not given, and will not give, any Security for any of the Collateral to VCE or any other person or entity.
- (d) The Depository Institution agrees that all of the Depository Institution's existing and future security interests, pledges, assignments, liens, claims, rights or setoff and recoupment, and other right, title and interest in any of the Collateral are and will remain fully subordinate to the Security Interest. The Depository Institution will not assert or enforce any of the Depository Institution's existing or future security interests, pledges, assignments, liens, claims, rights of setoff or recoupment, or other right, title or interest in any of the Collateral. But the Depository Institution may charge the Account for the Depository Institution's standard account fees for the Account, and for any checks and other items that are deposited in the Account and returned to the Depository Institution unpaid. TEA is not personally liable to the Depository Institution for any fees, return checks, or other return items.
- (e) The Depository Institution is a bank, as defined in Article 9. The State of California is the Depository Institution's jurisdiction for purposes of Article 9.
- (f) VCE hereby instructs the Depository Institution, and the Depository Institution

hereby agrees, to furnish to TEA statements of the Account to enable TEA to monitor activity in the Account, all as customarily provided to customers of the Depository Institution at the times such statements are normally provided to customers of the Depository Institution, through the normal method of transmission, at VCE's expense. Additionally, VCE hereby instructs the Depository Institution, and the Depository Institution agrees, to make available to TEA and VCE copies of all daily debit and credit advices of the Account and any other item reasonably requested by TEA. If the Depository Institution receives any notice of a claim of a third party in respect of the Account or legal process of any kind relating to VCE, the Depository Institution shall make a reasonable effort to give notice to TEA and VCE of such legal process.

7. Rights of Depository Institution. The Depository Institution does not have to pay uncollected funds. The Depository Institution does not have to make funds available before it is required to do so under federal law. The Depository Institution is entitled to comply with all applicable laws, regulations, rules, court orders, and other legal process.

8. Tax Reporting. Until TEA notifies the Depository Institution to use a different name and number, the Depository Institution will make all reports relating to the Collateral to all federal, state and local tax authorities under the name and tax identification number of VCE.

9. Indemnity. Debtor agrees to defend (with counsel reasonably acceptable by depository institution), indemnify and hold Depository Institution harmless from and against any and all claims, causes of action, loss, liabilities, costs, damages and expenses, including, without limitation, reasonable legal and accounting fees and attorneys' fees (Collectively "claims") arising out of or in any way related to this Agreement, except to the extent that the claims are finally adjudicated by a court of competent jurisdiction to be directly caused by Depository Institution's gross negligence or willful misconduct. After a reasonable, but unsuccessful effort by Depository Institution to be indemnified by the Debtor, Secured Party agrees to defend (with counsel reasonably accepted by the Depository Institution), indemnify and hold the Depository Institution harmless from and against any and all claims arising out or related to Depository Institution's compliance with any instruction given by Secured Party. Secured Party's obligations to Depository Institution hereunder shall in no way operate to release Debtor from its obligations to Depository Institution and shall not affect any rights or remedies of Secured Party to collect any such amounts From Debtor.

10. Waiver, Changes, and Cancellation. Nothing in this Agreement can be waived, changed, or cancelled, except by a writing executed by VCE, TEA, and the Depository Institution, and except that this Agreement may be cancelled by a writing signed by TEA and sent to the Depository Institution in which TEA releases the Depository Institution from any further obligation to comply with instructions and other directions originated by TEA with respect to all of the collateral. Except under the previous sentence, nothing in this agreement will be affected by any act or omission by any person or entity.

11. Termination: This agreement shall continue in full force and effect until terminated (a) by Depository Institution upon not less than 90 days written notice to each of the other parties, (b) by secured party by written notice to debtor and Depository Institution or (c) by debtor with written consent of secured party.

12. Collateral. Except under the previous sentence, nothing in this Agreement will be affected by any act or omission by any person or entity.

13. Notices. All notices, orders, requests, and other instructions and communications to any party under this Agreement will be delivered, mailed, emailed or faxed to such party's address, email address or fax number stated above, or to the other address or fax number that such party may designate in a written notice that complies with this sentence.

14. Successors. This Agreement binds and benefits the parties and each of heirs, representatives, successors and assigns.

15. Specific Performance. This Agreement may be enforced in an action for specific performance.

16. Governing Law. This Agreement is governed by the laws of the state specified in Section 6(e) above.

17. Counterparts. This Agreement may be signed in counterparts, and all counterparts together are the same Agreement. Executed as of the date first above written.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by in their representative names by their duly authorized representatives.

Valley Clean Energy Authority

Signature:

By:

Title:

The Energy Authority

Signature:

By:

Title:

Depository Institution River City Bank

Signature:

By:

Title:

DRAFT

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE (VCE)
AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO APPROVE
DEPOSIT ACCOUNT CONTROL AGREEMENT**

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

WHEREAS, VCE entered into an agreement with The Energy Authority, Inc. beginning in December 2022 to provide portfolio management, scheduling coordinator, load forecasting, and credit support services related to power costs; and

WHEREAS, the agreement specifies in Section A.5 that Credit Support is contingent on VCE meeting TEA creditworthiness and credit assurance standards, as determined via a review of two years of audited financials and/or an assigned investment-grade credit rating; and

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, to address increased power costs driven by forces outside of VCE’s direct control there is a need for VCE to provide additional credit assurance by entering a deposit control account agreement; and

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

1. The Executive Officer, in consultation with legal counsel, is authorized to take actions necessary to execute the Approved Deposit Control Agreement and associated agreements..

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

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

SUBJECT: Authorize the Executive Officer to Approve Power Purchase Agreements
Legal and Prepay Counter Party Agreements

DATE: July 11, 2024

RECOMMENDATION:

Authorize Executive Officer to Approve Energy Prepayment Counsel and Energy Prepayment Counter Party Agreements.

BACKGROUND

At the June 13, 2024 Board meeting, the Board received a presentation from PFM Financial Advisors providing an overview of power purchase agreement (PPA) prepay transactions. Based on Board direction, VCE has issued a Request for Proposal (“RFP”) for Energy Prepayment Counter Party (“Bank”) and Energy Prepayment Counsel (“Legal”) services in order to provide power cost savings starting in 2025.

Energy Prepayment Transaction

An energy prepayment – or “prepay” – is a long-term financial transaction available for municipal utilities and tax-exempt entities such as Community Choice Aggregators (“CCAs”) that enables a meaningful power procurement cost savings opportunity. This prepay structure has historically been utilized for natural gas procurement and is now being applied towards renewable energy. A number of other CCAs have either executed or are in the process of completing a similar structure.

DISCUSSION & ANALYSIS

The purpose of pursuing the prepay transaction is to achieve meaningful energy procurement cost savings. This initial transaction will amount to approximately \$600 million of procurement costs running through the prepay; an estimated minimum 7% discount target from the original PPA prices which translates to ~\$47M total/\$1.4 million annual savings for VCE. The fees paid to all of the various parties involved in the prepay will all be payable from the proceeds of the prepay bonds. This results in

no out-of-pocket cost to VCE; the cost will be paid out of the savings realized from the prepay transaction. As part of the transaction structure described at the June Board Meeting, the transaction requires membership in the California Community Choice Financing Authority Joint Powers Authority (CCCFA). The only estimated cost to VCE will be the membership fee to CCCFA and Financial Advisor Services as per contracted rates.

California Community Choice Financing Authority Overview

The Joint Exercise of Powers Act, California Government Code Section 6500 et seq. (“The Act”), permits two or more public agencies to create, by agreement, a joint powers authority for the purpose of jointly exercising any common powers and certain additional powers provided for in the Act, including the power to issue bonds for the purposes specified in the Act. East Bay Community Energy, Silicon Valley Clean Energy, Marin Clean Energy and Central Coast Community Energy are the founding members of CCCFA with the purpose of the JPA to serve as a conduit financing joint powers authority. CCCFA’s objective will be to undertake the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds on behalf of one or more of its members by, among other things, issuing or incurring bonds and entering into related contracts with its members.

By entering into the CCCFA JPA Agreement, VCE will have the opportunity, but not the obligation, to structure a prepay transaction and issue the bonds through CCCFA. This is a project financing based public agency, rather than policy making agency. It is not intended to be a policy maker nor advocate, though it may, from time to time, advance or support public policies in support of its purpose that do not conflict with interests or policies advanced by any Member.

Membership Options

There are two membership options: (1) associate membership and (2) founding membership. The primary difference between the options is the founding membership option requires VCE to appoint a representative to serve on CCCFA’s Board of Directors. Due to the Board being represented by other CCAs that operate in the best interest of CCAs and VCE most likely will only be engaging in one prepay transaction, staff is assessing the associate membership option.

Non-Resource Debt

It is important to note that the CCCFA JPA will be the counterparty with the Prepay Supplier in the prepay transaction, and therefore the counterparty to all the underlying agreements. That is, VCE will sign an agreement with the CCCFA JPA, and the CCCFA JPA will be the entity to sign all the rest of the transaction documents. Under California law and the JPA Agreement, the CCCFA will be a public entity separate and apart from the parties to the JPA Agreement, and the debts, liabilities and obligations of the CCCFA will not constitute debts, liabilities or obligations of VCE.

Additionally, it is important to note that the prepay is non-recourse to VCE. The ultimate counterparty with the Prepay Supplier is CCCFA; CCCFA is therefore the counterparty to all the underlying agreements. CCCFA is a public entity separate and apart from the parties to the CCCFA JPA Agreement, and the debts, liabilities, and obligations of the CCCFA will not constitute debts, liabilities, or obligations of VCE.

Timeline

Based on the general direction provided by the Board at its June meeting, staff has begun the RFP Process for the selection of Legal and bank services for the prepay transaction. The targeted timeline is to have draft documents prepared for a deal execution by the end of the year to provide 2025 savings as early as possible. As presented in the June board materials, the details of the prepay agreement will be brought to the Board for review and approval once the documents are negotiated and prepared over the coming months.

Tentative Schedule for Prepay Transaction:

- August 2024: VCE Award of Prepayment Counsel and Energy Prepayment Counter Party
- September 2024: Board Approval of Prepayment Counsel Contract and CCCFA membership
- October 2024: Estimated PPA savings incorporated into the Preliminary 2025 Budget.
- Q4 2024/ Q1 2025: Board Approval of Final Prepay Transaction.
- Q2 2025: Estimated Power Purchase Transaction Implementation.

Note: Board Updates and formal contract approvals will be brought before the Board as needed throughout the process.

CONCLUSION

Staff recognizes that resource adequacy, weather, and regulatory conditions outside VCE's direct control continue to impact financial results and create volatility for power costs. VCE's current power portfolio provides the opportunity to reduce power costs through a PPA prepayment transaction allowing VCE to more easily set rates to meet costs/build reserves, it enhances local control, customer choices, cost competitiveness, and VCE's ability to execute local programs. Authorizing the Executive Officer to Approve Power Purchase Agreements Legal and Prepay Counter Party Agreements will enable VCE to take the next step in the process of the prepay transaction.

ATTACHMENT

- 1) Resolution 2024-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE (VCE)
AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO
APPROVE ENERGY PREPAYMENT COUNSEL AND ENERGY PREPAYMENT COUNTER PARTY
AGREEMENTS**

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, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, to address volatility driven by forces outside of VCE’s direct control there is a need to reduce costs where possible for competitive rates and building reserves for VCE’s strategic goal of financial strength.

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

1. The Executive Officer, in consultation with legal counsel, is authorized to execute Energy Prepayment Counsel and Energy Prepayment Counter Party Agreements and associated agreements.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Rebecca Boyles, Director of Customer Care and Marketing
Yvonne Hunter, Legislative and Project Specialist

DATE: July 11, 2024

RECOMMENDATION

Approve proposed Memorandum of Understanding between VCE and Cool Davis.

BACKGROUND/ANALYSIS

What is Cool Davis?

[Cool Davis](#) is a non-profit, volunteer based organization founded in 2010. Its mission is to work to create enduring community resilience through equitable and inclusive strategies that lower greenhouse gas (GHG) emissions and help the region adapt to a changing climate. Cool Davis has been conducting outreach and developing programs to encourage households to take action on energy conservation, energy efficiency and home electrification since its inception.

Examples of past Cool Davis resource materials and workshops have included topics such as helping homeowners navigate decisions to install rooftop solar, understanding options for home energy efficiency, assessing when to repair or replace home heating and cooling systems, financing home energy efficiency upgrades and working with energy efficiency contractors.

Its [Cool Solutions](#) web-based resource materials provide easy-to-understand information for homeowners wanting to save energy and reduce greenhouse gas emissions.

Communities Beyond Davis

Cool Davis's free materials, support, and advice is available to all households regardless of location, with an estimated 10-15% being non-Davis households.

Beyond Davis, Cool Davis has participated in all regional climate collaborative efforts since 2010 including the Yolo County Climate Compact, Capitol Regional Climate Collaborative, Yolo Resiliency Collaborative Stakeholder Workshops 1&2, and the Yolo Climate Emergency Coalition. Cool Davis is a partner in the Yolo Climate Resilience Collaborative Planning Group.

Cool Davis has a contract with Yolo County to conduct outreach and provide input to the Yolo County Climate Action and Adaptation Plan (YoloCAAP) and is starting conversations with other communities (such as Winters) about how best to offer programs related to those communities and their unique neighborhood-specific needs.

More recently, Cool Davis has undertaken a revision and rebranding of its name, programs, materials and messaging to better address unique local priorities in order to serve vulnerable, underserved and low-income neighborhoods and communities. The new name and rebranded identity will reflect a broader, Yolo County, reach than the existing Cool Davis brand.

Time for More Formal Collaboration Between VCE and Cool Davis

For several years, VCE and Cool Davis have talked about how to accomplish shared goals by fostering closer collaboration. While VCE has participated in and co-sponsored several past Cool Davis events, no formal working relationship has existed. Workshops, resource materials and consulting services offered by Cool Davis are high-quality and serve audiences well.

To address the desire for a more formal relationship, VCE and Cool Davis have developed a Memorandum of Understanding that would be used to guide the formal collaboration. To proceed with a formal collaboration, VCE staff sees it as essential that Cool Davis rebrand its “Davis-centric” reputation in a way that resonates throughout VCE’s wider service territory. Cool Davis is beginning to offer more programs outside of Davis, and because VCE stressed the importance of such rebranding as part of the MOU discussions, Cool Davis is undergoing a rebranding effort that will enable it to be a resource for all of Yolo County.

The types of collaborative projects envisioned emphasize activities that would relate to VCE’s strategic plan as well as Cool Davis’s strategic plan. Funding sources might include VCE contributions, joint grants and other sources. While specific individual projects would be agreed upon, designed and implemented together, example projects include the following:

- EE/HVAC Replacement – “Make a Plan” Workshops or Webinars – workshops or webinars designed specifically for, and offered in, Winters and Woodland. These could include low-income ERRO program activities as well as offering Electric Advisor (Concierge Service) services. (Note: VCE was a co-sponsor of two previous highly successful and well-received “Make a Plan” workshops/webinars designed and implemented by Cool Davis.)
- EV Adoption – e-bikes and cars:
Buying an EV – things to know and consider (including understanding incentives and federal tax credits)
- Workshop or webinar on energy efficiency in rental properties aimed at real estate and rental property owners. These could also include (low-income) ERRO grant activities.

Initially, one project will be designed and implemented to test the process and make refinements as necessary. Staff will include budget, revenue sources, costs, timelines, and

participant responses in its evaluation of success. The CAC's Outreach and Programs Task Group will provide review and input in selecting the project. The CAC will receive periodic updates about projects, similar to updates it receives about other VCE programs.

In addition to formal "collaboration projects", VCE might also co-sponsor or become a partner in separate Cool Davis projects. This might include, for example, Cool Davis efforts related to resilient and climate ready neighborhoods.

The attached MOU includes details on how projects are to be developed, budgets, timelines, administration, information sharing, privacy, indemnification, and reporting to Cool Davis and VCE advisory committees and boards and the broader community. It also includes a provision related to Cool Davis rebranding for joint projects with VCE.

The Outreach and Programs Task Force of the CAC evaluated the proposed collaboration with Cool Davis and is supportive, provided that the collaboration extends into communities outside of Davis. At its last meeting, the CAC reviewed the concept and supported the idea of a more formal relationship. The CAC also encouraged the collaboration to support outreach and resources for low income and disadvantaged communities within VCE's territory.

VCE's legal counsel reviewed a draft MOU and made several suggested additions, which are included in the attached document.

CONCLUSION

Staff believes that pursuing a more formal working relationship with Cool Davis would benefit both VCE and Cool Davis, as well as the communities we both serve.

Staff recommends that the VCE Board approve the concept of collaboration with Cool Davis and approve the attached MOU. (Note: The Cool Davis board will also review and act upon the MOU.)

ATTACHMENT: VCE-Cool Davis Memorandum of Understanding

Valley Clean Energy Alliance and Cool Davis Memorandum of Understanding

[Placeholder for date approved by both organizations]

This is a Memorandum of Understanding (MOU) between the Valley Clean Energy Alliance¹ (Valley Clean Energy, or VCE), a Joint Powers Authority representing the Cities of Davis, Winters and Woodland and unincorporated Yolo County; and the Cool Davis Foundation (Cool Davis, also known as Cool Davis and the Cool Davis Coalition), a community service organization non-profit 501(c)3. (Tax ID #27-3056050). The effective date of the MOU is July 11th, 2024 through July 11th, 2026, a two-year term, with the option of a one-year extension.

Cool Davis's mission is to work to create enduring community resilience through equitable and inclusive strategies that lower greenhouse gas (GHG) emissions and help the region adapt to a changing climate. Cool Davis has been conducting outreach and developing programs to encourage households to take action on energy conservation, energy efficiency and home electrification since beginning their work in 2010. VCE's Mission is to deliver cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions.

The purpose of this MOU is to establish a framework for a working relationship between VCE and Cool Davis so that the two organizations may partner on projects of mutual interest in order to offer programs, resources and materials to residents and businesses within VCE's service territory.

This MOU sets forth the purpose, project framework, definitions and understandings concerning the relationship between VCE and Cool Davis. It includes a framework for designing and implementing agreed upon projects and allocation of funds for the projects by VCE and Cool Davis as they work together. It also includes guidance for both VCE and Cool Davis to provide co-sponsorship for each other's projects that are discrete activities, such as workshops, that are not joint partnership projects.

¹ Valley Clean Energy Alliance, or VCE, is a joint-powers authority working to implement a state- authorized Community Choice Energy program. Participating VCE local governments include the cities of Davis, Winters and Woodland and the County of Yolo. VCE procures electricity on behalf of its residential, commercial, agricultural and industrial users in their areas. Customers may opt-out from receiving VCE procured electricity.

1. Purpose and Approach

- a. VCE and Cool Davis will work together to develop and implement agreed upon projects as partners to help build healthier and more resilient communities within the VCE service territory.
- b. Collaborative projects will generally focus on activities that emphasize sustainability, energy efficiency, resilient communities, renewable energy and reducing greenhouse gas emissions, as well as other topics mutually agreed upon by both organizations.
- c. VCE and Cool Davis will collaborate in ways that contribute to the missions of both organizations.
- d. Cool Davis and VCE will each designate an MOU manager to oversee the execution of the MOU. The manager may designate a primary staff contact within each organization to work on individual projects that are mutually agreed upon to implement this MOU and will coordinate internally with staff within each organization as necessary on collaborative projects/tasks.
- e. VCE and Cool Davis agree to share project information, such as number of attendees of a webinar, workshop or event, jurisdiction where the attendees reside, efforts to reach traditionally underserved communities, the number of website visits, and other information that may be readily available. However, no information shall be shared that does not conform to VCE's customer privacy policy and provisions of state law or comply with Cool Davis's data protection and privacy standards. Notwithstanding the above, it is understood that VCE is subject to the California Public Records Act and information gathered as part of the programs may be subject to disclosure. If a request under the California Public Records Act is made to view Cool Davis' confidential information, VCE shall notify Cool Davis of the request and the date that such records will be released to the requester unless Cool Davis obtains a court order enjoining that disclosure. If Cool Davis fails to obtain a court order enjoining that disclosure, VCE will release the requested information on the date specified.
- f. VCE and Cool Davis may jointly develop and use a co-branding protocol for marketing and implementation of collaborative projects, including but not limited to shared or adapted written materials, website resources and workshop materials. VCE and Cool Davis may not use the other party's logo or marks without the advance written permission of the other party.

2. Projects

- a. Cool Davis and VCE will work together to identify potential collaborative projects and evaluate if a project is viable.

- b.** Individual projects will be agreed upon by both organizations. In developing and implementing each project, VCE and Cool Davis will use the Project Description template (attached to this MOU). The agreed-upon project will be an amendment to this MOU.
- c.** A final project proposal will include information about goals, audience, roles for each organization (and potential partners), tasks, budget, financial and in-kind resources provided by Cool Davis and VCE and others, marketing plans and responsibilities, a timeline and evaluation protocol, as well as other relevant information.
- d.** Individual tasks for a project will be outlined in the Project Description and will identify responsibility for each task.
- e.** Individual projects will be approved based on the approval process of each organization. A party may choose to not approve a project in its sole discretion.
- f.** VCE and Cool Davis will share resources and funding to support the tasks in each project, as agreed upon in the Project Description.
- g.** Individual tasks for a project will be agreed upon by both organizations and may be canceled or modified upon mutual agreement.
- h.** The Project Description may include additional or modified indemnity, insurance or other terms, as appropriate for the project.

3. Ongoing MOU and Project Consultation and Communication

- a.** VCE and Cool Davis shall consult regularly to implement this MOU and individual projects.
- b.** Consultation shall include, but not be limited to, sharing information and ideas about how best to implement a specific project, outreach and engagement strategies and activities, financial issues, including project budget, time allocations and expenditures, and project evaluation.
- c.** Cool Davis and VCE will periodically communicate information about project results to the public as well as to their members, advisory committees and governing boards.
- d.** Cool Davis and VCE may periodically provide written material that may be included in the other organization's newsletters. This may include information that is not part of an approved project. Each organization reserves the right to accept or reject or request a change in the written information provided.

4. Budgets and Funding and Sponsorship

- a.** Projects Budgets and Funding

- i. VCE and Cool Davis shall agree on budgets and sources of funding for each project that is undertaken. Both VCE and Cool Davis may contribute funding for each project, as mutually agreed upon.
- ii. Funding sources for a project may include, but not be limited to the following: organization general fund, grant funding, or other revenue sources for each organization.
- iii. VCE and Cool Davis may also provide in-kind resources, volunteer involvement and may seek sponsorship funding and/or contributions from other partners.
- iv. The budget amounts for each project shall be specified in each Project Description, including allocation among tasks and funding sources.
- v. Cool Davis and VCE shall provide regular reporting regarding expenses and budget status, including a budget final report at the conclusion of a project.

b. Sponsorship

- i. Notwithstanding this MOU and projects in which VCE and Cool Davis collaborate as partners pursuant to the MOU, VCE and Cool Davis may agree to sponsor each other's separate projects, including permission to use the organization's name and providing a sponsorship fee, consistent with each organization's sponsorship policy.

5. Reporting

- a. VCE will provide periodic reports, but no less frequently than annually, about joint VCE and Cool Davis projects and activities to its Board of Directors and Community Advisory Committee (CAC). As feasible, VCE shall also seek the input of its CAC Programs Committee on potential joint projects.
- b. Cool Davis will provide periodic reports, but no less frequently than annually, to its Board of Directors about joint VCE and Cool Davis projects and activities.
- c. Periodically VCE and Cool Davis will jointly report to their respective Boards of Directors about activities conducted under this MOU, as well as sponsorship activities conducted outside of the MOU.

6. Indemnification -- Each party shall defend, save harmless, and indemnify the other party, and its directors, officers, agents, and employees, from any and all claims for injuries or damage to persons and/or property which arise out of the conditions of this MOU which are caused by the sole negligent acts or omissions or other wrongful

conduct of the other party, its directors, officers, agents and/or employees. The parties agree and understand that an individual Project Description may include additional or different indemnification terms, which will apply to that specific project. This section shall survive the term of the MOU.

6. Amendments to and Termination of MOU

- a.** This MOU may be amended as necessary and approved by each organization's respective Boards of Directors.
- b.** This MOU may be terminated by either organization with 60 days' notice.

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 15**

TO: Board of Directors

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Renewable Energy Credit Optimization

DATE: July 11, 2024

Recommendations

1. Receive presentation and provide feedback on optimization of short-term Renewable Energy Credit (RECs) sales.
2. Based on current market conditions, authorize Staff to optimize REC portfolio that results in a portfolio that is at or above state RPS compliance levels and maintains or exceeds Base Green and Standard Green commitments for year 2025.

Background

California requires load serving entities (LSEs), such as VCE, to procure a minimum percentage of their load from eligible renewable resources such as wind, solar, geothermal, small hydro, etc. From a State perspective, LSEs need to procure 60% of the load from renewable energy by 2030 as outlined in SB 100. The Board has adopted a more aggressive target of achieving 100% renewable by 2030.

LSEs cannot wait until 2030 to show compliance but rather must achieve interim targets referred to as Compliance Periods (CP1, CP2, CP3, etc). As shown below in figure 1, 2021-2024 is CP4 and CP5 is 2025-2027. It is important to note that LSEs are measured over the time in each CP and not an individual year, therefore the average for CP5 is 49.4% (the % by year is as follows: 2025 = 47.0%, 2026 = 49.2%, 2027 = 52.0%).

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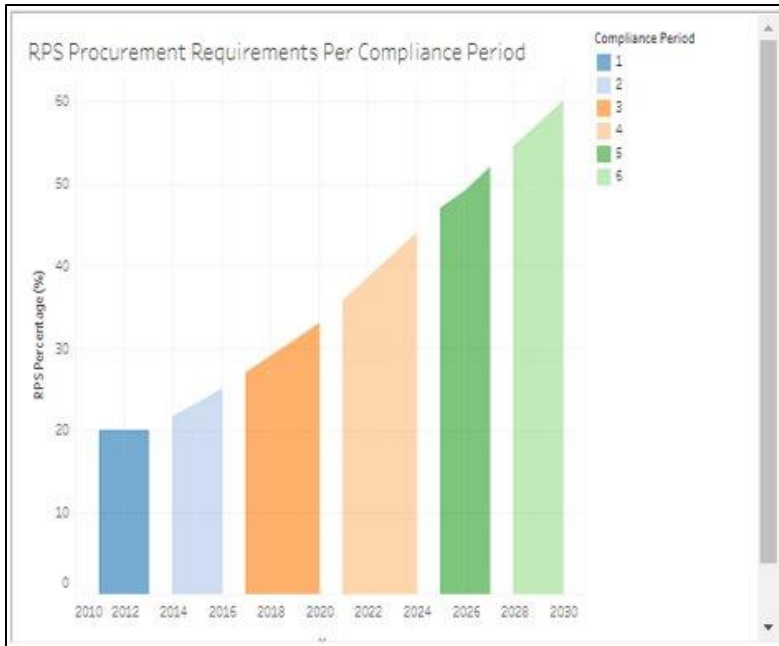


Figure 1 – RPS Procurement Requirements

The measurement of this compliance is in the form of a REC and is “retired” to show compliance. A REC contains the “Green Attributes” of a unit of energy, and represents that the energy was generated with an eligible renewable technology. One REC is equivalent to one MWh (for example, if a geothermal resource produced 50,000 MWhs in a given year, that is equal to 50,000 RECs). Finally, RECs can be purchased or sold on a short-term or long-term basis (multiple years).

California has different categories of RECs called Portfolio Content Categories (PCC):

- PCC 1: Eligible renewable resources directly connected to California’s grid (these can be either in-state or out-of-state. For example, VCE’s Fish Lake Geothermal project is located in Nevada but is directly connected to the California grid)
- PCC 2: Out of state eligible renewable resources imported into California’s grid
- PCC 3: Eligible renewable resources not brought to California’s grid (REC Only)

There are some other nuances between the categories but those are the basic distinctions. Since launch, VCE has procured PCC1, PCC2 and PCC3 RECs and has not been in the position to sell RECs. VCE’s generation portfolio is maturing and with the addition of the long-term power purchase agreements (PPAs) in the portfolio, VCE could be a seller of RECs for the foreseeable future. In addition, the cost of a REC in each category was not as significant as it is today (more on the cost per REC below).

Analysis

VCE’s Renewable Portfolio

VCE’s has signed seven renewable PPAs consisting of photovoltaic (PV), hybrid (PV + storage) and geothermal of which four of the PPAs are currently operational.

Table 1 – VCE’s Executed Long-Term Renewable PPAs (operating)

Long Term PPAs	COD	Capacity*
Resurgence Solar I	8/3/2023	90 MW PV, 75 MW BESS (250,000 MWhs)
Aquamarine Solar	9/22/2021	50 MW PV (130,000 MWhs)
Putah Creek Energy Farm	10/15/2022	3 MW PV, 3 MW BESS (7,600 MWhs)
Willy 9 Chap 2**	12/31/2023	72 MW PV, 36 MW BESS (210,000 MWhs)
<p>* All Battery Energy Storage Systems (BESS) are 4-hour duration. Approx annual MWhs shown. ** Formerly Willow Springs Solar 3. Name changed at the request of the CAISO. *** Indian Valley also produces renewable energy, but the output is extremely variable and the contract expires mid-2025.</p>		

The REC attributes generated from the above resources far exceed state compliance targets as well as the Base Green and Standard Green rates VCE offers (note: VCE’s Base Green is 0-5% above compliance and Standard Green rate is 5% above Base Green). Planning for resource outages, curtailments and higher than expected loads Staff anticipates up to 160,000 RECs that would be available for sale – this would result in an RPS percentage equivalent to State compliance. VCE can retain these RECs and display a higher renewable percentage on the 2025 power content label or VCE can monetize a portion of these RECs to offset power costs.

Market Volatility of REC Prices

Historically, REC prices stayed relatively stable, but due to market conditions and policy objectives that is no longer the case. At the time of VCE’s launch the price spread between a PCC1 and a PCC3 REC was approximately \$15. Today that spread has increased by almost 5x and is approximately \$70. REC prices are currently trading at historic highs. Table 2 reflects past, current and future REC prices.

Table 2 – REC Prices (note: 2025 fwd prices as of 6/27/2024)

Portfolio Content Category	2018 Avg Price	2023 Avg Price	2024 Fwd Price	2025 Fwd Price
PCC1	\$16.50/REC	\$52.00/REC	\$73.00/REC	\$83.00/REC
PCC2	\$6.50/REC	\$38.00/REC	\$67.00/REC	\$70.00/REC
PCC3	\$1.50/REC	\$7.00/REC	\$7.00/REC	\$8.00/REC

With prices at these levels Staff believes it is prudent for VCE to consider the possibility of selling RECs to help offset other increasing cost pressures (e.g. Resource Adequacy Slice of Day). As shown in Table 3 below, VCE potentially has the option to sell REC’s while maintaining compliance with the State’s RPS requirements. The current forward market price values associated with VCE’s REC’s as well as resulting RPS % levels based on selling various volumes are shown in Table 3. Note, VCE’s policy goal of 100% renewable portfolio by 2030 would not be impacted by the sale of REC’s over the next several years because VCE remains on a trajectory to achieve the Board goal of 100% renewable by 2030.

It is also important to note that the overall emissions in the environment does not change as this REC transaction is a reflection of who can count the RECs on their power content label. Even though VCE may generate the REC and then sell it to another LSE, the buyer of the REC will “count” the REC as that is what they are paying for. This is a paper transaction and the same amount of renewable energy is being generated and consumed regardless of who generates it or counts it in their portfolio.

Table 3 – Illustrative example of REC sales (note: based 2025 fwd prices as of 6/27/2024)

REC Volume (MWh)	Est. Dollars Generated (\$M)	VCE RPS %
160,000	13.28	47% (Ave. 2025 State RPS target)
140,000	11.62	50%
120,000	9.96	53%
100,000	8.30	56%
80,000	6.64	59%

Community Advisory Committee

Staff presented this topic to the Community Advisory Committee (CAC) at their June 2024 meeting. The CAC had a robust discussion on the topic and supported an approach that monetizes RECs as long as VCE remained at or above RPS compliance.

Conclusion

Since launch in mid-2018, VCE has taken an overall approach to balance emission reduction with cost competitive customer rates. It has also continued to take a long-view in building a portfolio focused on causing renewable projects to actually be built (“steel in the ground”), with regulatory compliance as an attribute and not as the primary driver. It is within this context that staff makes its recommendation to optimize the REC portfolio. Since launch VCE has been strategic about the procurement of short-term RECs and has invested in building new renewable resources. Until now, VCE has been a net purchaser of RECs, but that situation is changing and now VCE finds itself in a position to sell RECs. VCE remains on a trajectory to achieve the Board goal of 100% renewable by 2030 and along this path there may be opportunities to capitalize on market conditions in order to offset other expenses. Staff believes that time is now and into 2025 to monetize a certain volume of RECs while maintaining compliance and other internal policy targets.