



VCE Community Advisory Committee Meeting – October 22, 2020 Via Teleconference

Item 9 – Strategic Plan – Next Steps



Public Comments

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Item 9 - Overview

- Strategic Plan Finalized
- Edits from October Board Meeting
- New Section on Timing, Measurement & Updates
- Next Steps in Planning Process

Purpose: Share Strategic Plan information and status with the CAC

Item 9 - Strategic Plan Finalized

Changes since September CAC Meeting:

- Added Objective 3.7 about emerging and historically marginalized communities
- Added Objective 6.1 about developing a roadmap towards formation of a local Publicly Owned Utility (POU)
- Added the “Timing, Measurement & Updates” section to the Plan
- Minor grammatical corrections

Item 9 - Key Edits from October Board Meeting

Two new objectives were added to the Plan:

Objective 3.7: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

Objective 6.1: Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).

Item 9 - Timing, Measurement & Updates

Highlights of new section on Timing, Measurement & Updates:

- Cadence for staff review and updating of the Plan (at least annually)
- Directions for staff to implement a timeline and reporting format
- Reporting cadence (quarterly to VCE management, annually to the Board and CAC)

Item 9 - Next Steps

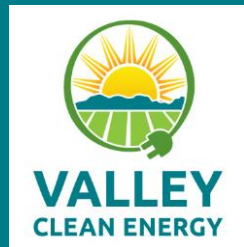
Next Steps in the Planning Process:

- Share final Plan document with the CAC and Board
- Staff to develop and share a detailed timeline and action list to the Board and CAC



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Item 10 – Power Procurement Quarterly Update



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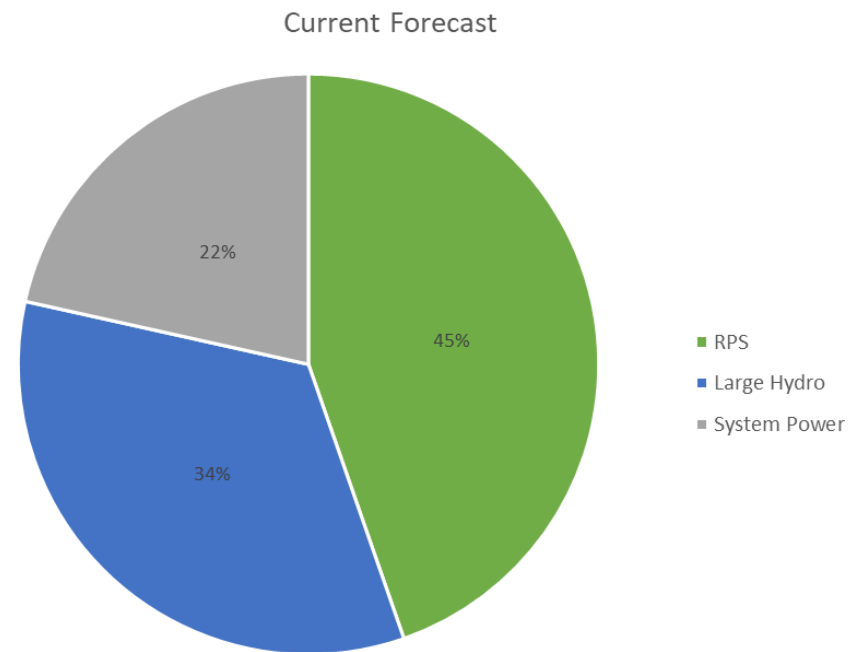
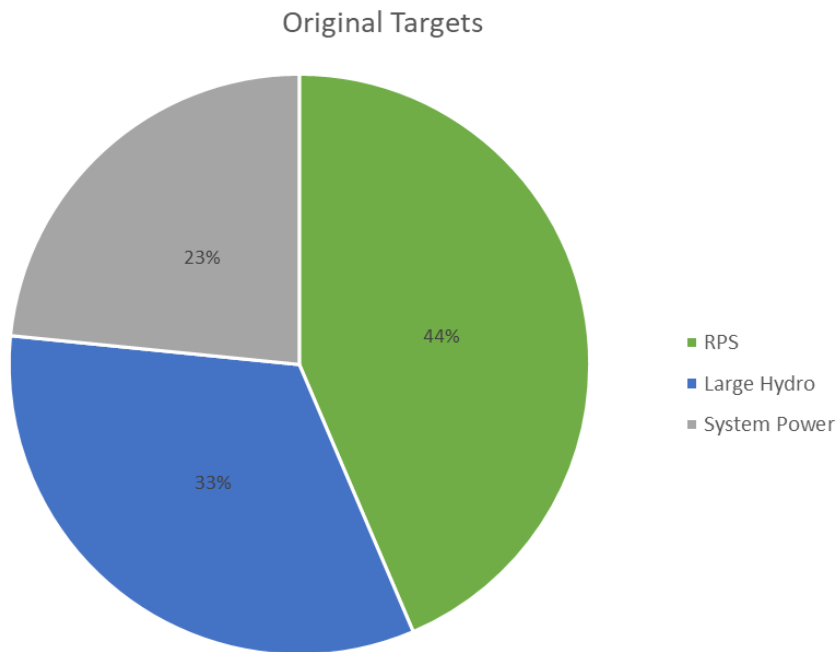
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Item 10 - Power Procurement Quarterly Update – 2020 Targets vs. Forecast



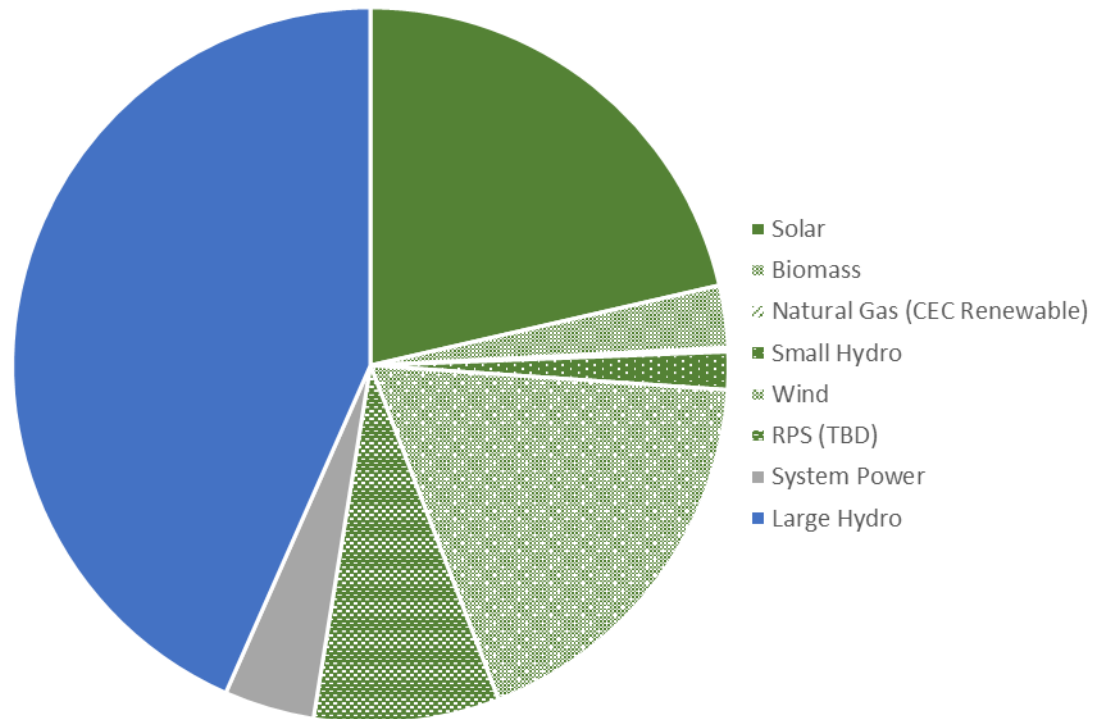
- Renewable procurement target included 42% for Standard Green load plus a margin for the 100% renewable UltraGreen load
- 33% large hydro procurement target to meet 75% carbon-free portfolio
- All percentages are based on Retail Load
- Load has been tracking below original forecast
- Currently VCE 2020 power content is forecasted to exceed original targets for both renewable and carbon free

Item 10 - Power Procurement Quarterly Update – Year to Date Snapshot

- Contracts delivery timing drives year to date power content
- Technology has been reported for 84% of RPS deliveries to date

Renewable Technology Breakdown	
Solar	41%
Biomass	5%
Natural Gas (CEC Renewable)	0.3%
Small Hydro	3%
Wind	34%
RPS (TBD)	16%

Year to Date Deliveries





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Item 11 – Dividend Program Update



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Item 11 - Overview

- Overview of Dividend Program
- Dividend Program Guidelines
- Board Options
- Considerations & Next Steps

Purpose: Share Dividend Program information and status with the CAC

Item 11 - Overview of Dividend Program

Highlights of the Dividend Program:

- Adopted by the Board in June 2019 and effective July 1, 2019
- Guidance for allocation of VCE's revenue above minimum Net Margin amongst:
 - Cash Reserves
 - Customer Dividends
 - Local Program Reserve
- Consideration of cash reserves
- Following the completion of each audited fiscal year, the Board will decide on how to allocate revenue above minimum Net Margin

Item 11 - Dividend Program Guidelines

Guidelines of the Dividend Program:

- VCE to match PG&E's generation rates (less PCIA)
- Before any dividends are paid:
 - Consideration of cash reserves
 - VCE must have > 5% Net Margin (less debt payments)
 - The enrollment process for the legacy NEM accounts must have begun

For fiscal year ended June 30, 2020, these criteria have been met.

Note: Cash reserves for fiscal years 21/22 and 22/23 are forecast to drop below reserve thresholds



Item 11 - Dividend Program Guidelines

Per program guidelines:

- Net Margin up to 5% allocated as follows:
 - At least 5% (of the 5%) goes to Local Programs Reserve (LPR)
 - Up to 95% to Cash Reserves
- Net Margin greater than 5% allocated as follows:
 - At least 50% to Cash Reserves
 - Remaining allocated among customer Dividends and LPR

Item 11 - Board Options

FY2020 produced Net Margin (less debt payments) of \$6.3M, which is 11.4%.

Based on Dividend Program guidelines, the ranges are:

- Local Programs Reserve: at least \$140,000
- Customer Dividends: \$0 to \$1.8M
- The balance goes to Cash Reserves

Item 11 - Considerations & Next Steps

Projected Days Cash on Hand (due primarily to projected PCIA and RA cost increases):

- June 30, 2020: 103 days
- June 30, 2021: 72 days
- June 30, 2020: 17 days

Note: current cash reserve goal 90 days (typical 120 to 180 cash reserve for investment grade credit rating)

Next Steps:

- Staff will present detailed options to the Board at the November meeting and seek a decision on allocation of Net Margin