Meeting of the Community Advisory Committee (CAC)
of Valley Clean Energy Alliance
Thursday, October 28, 2021 at 5:00 p.m.
Via Video/Teleconference

Pursuant to Assembly Bill 361 (AB 361), legislative bodies may meet remotely without listing the location of each remote attendee, posting agendas at each remote location, or allowing the public to access each location, with the adoption of certain findings. At the October 14, 2021 meeting, the Board of Directors found that the local health official recommended measures to promote social distancing and authorized the continuation of remote meetings for the foreseeable future. Any interested member of the public who wishes to listen in should join this meeting via teleconferencing as set forth below.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any CAC member with the concurrence of the other members. The CAC may decide to make a recommendation to the VCE Board regarding any of the agenda items below. Staff recommendations are advisory to the CAC. The CAC 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 CAC Webinar meeting may do so with the teleconferencing call-in number and Webinar meeting ID code.

Join meeting via Zoom WEBINAR:

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/85015501532
Meeting ID: 850 1550 1532

b. **By phone**
One tap mobile:
+16699009128,,85015501532#
+12532158782,,85015501532#
Dial:
+1-669-900-9128
+1-253-215-8782
Meeting ID: 850 1550 1532

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.

Committee Members:
Christine Shewmaker (Chair), Cynthia Rodriguez (Vice Chair), Yvonne Hunter, Marsha Baird, Gerry Braun, Mark Aulman, Lorenzo Kristov, David Springer, Jennifer Rindahl

5:00 P.M. CALL TO ORDER

1. **Welcome**
2. **Approval of Agenda**
3. **Public Comment:** This item is reserved for persons wishing to address the CAC 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 Regular 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 CAC 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 the information under **PUBLIC PARTICIPATION** at the conclusion of this agenda about how to provide your public comment.
4. **Brief VCEA Staff and Advisory Task Group Reports (≈ 15 minutes) -** Representatives of VCE staff and active Task Groups will provide updates on on-going staff and Task Group work. Task Group recommendations requiring Committee attention require a regular agenda item. Summaries of written reports received by the Committee in advance of the meeting will receive a time allocation of up to ten minutes. Otherwise, the time allocation will be five minutes, including questions and answers. The Committee may decide to allocate additional time at the end of the regular agenda.
    A. **Task Group Reports**
    B. **10/14/21 Board Meeting and 10/21/21 Special Meeting Summary**
    C. **Staff Report**

CONSENT AGENDA (≈5 minutes)

5. **Approval of September 23, 2021 Meeting Minutes.**

6. **Receive Customer Enrollment update as of October 20, 2021.**

7. **Update on Power Content Label Customer Mailer. (Information)**

REGULAR AGENDA

8. **Consider Cost-Recovery based Policy and Customer Rate Structure. (Discussion/Action) (≈ 45 minutes)**

9. **Introduction to community resiliency. (Informational) (≈ 20 minutes)**

10. **Review draft Committee Evaluation of Calendar Year. (Discussion) (≈ 15 minutes)**

11. **Receive and update Community Advisory Committee 2021 Long-Range Calendar. (Discussion) (≈ 5 minutes)**

12. **Advisory Committee Member and Announcements. (≈ 5 minutes)** Action items and reports from members of the Advisory Committee, including announcements, reports on meetings, and information which would be of interest to the Committee or the public.

13. **Adjournment:** The next Community Advisory Committee meeting has been scheduled for Thursday, November 18, 2021 at 5 p.m. (3rd Thursday of the month due to the Thanksgiving Holiday on 11/23/21).

    The Valley Clean Energy *Board* has scheduled a ***special*** meeting for Thursday, November 10, 2021 at 5:00 p.m.

PUBLIC PARTICIPATION INSTRUCTIONS FOR UPCOMING VALLEY CLEAN ENERGY COMMUNITY ADVISORY COMMITTEE MEETING ON THURSDAY, OTCOBER 28, 2021 AT 5:00 P.M.:

PUBLIC PARTICIPATION. 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 CAC 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 CAC meeting it will be e-mailed to the CAC members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting.

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

1) **Computer with a microphone:** activate the "participants" icon at the bottom of your screen, then press the "raise a hand" icon.
2) **Phone:** Press *9 to indicate a desire to make a comment. Once 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 by name or phone number when it is your turn to comment. Speakers will be limited to no more than two minutes. Speakers will be asked to state their name for the record.

Public records that relate to any item on the agenda for a regular or special CAC meeting are available for public review on the VCE website. Records that are distributed to the CAC 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 CAC. 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/cac-meetings/.

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

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report - Item 5

TO: Community Advisory Committee

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: CAC September 23, 2021 Meeting Minutes

DATE: October 28, 2021

Recommendation

Receive, review and approve the attached September 23, 2021 meeting minutes.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE
MEETING
THURSDAY, SEPTEMBER 23, 2021
VIA ZOOM VIDEO/TELECONFERENCE

Chair Christine Shewmaker opened the Community Advisory Committee of the Valley Clean Energy Alliance in a meeting on Thursday, September 23, 2021 beginning at 5:02 p.m. via video/teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspends certain provisions of the Brown Act and the Orders of the Public Health Officers with jurisdiction over Yolo County, to shelter in place and to provide for physical distancing.

Welcome and Roll Call

Committee Members Present: Christine Shewmaker (Chair), Cynthia Rodriguez (Vice Chair, departed at 7:03 p.m.), Marsha Baird, Gerry Braun, Mark Aulman, Lorenzo Kristov, David Springer, Jennifer Rindahl

Committee Members Absent: Yvonne Hunter

Welcome and Approval of Agenda

Gerry Braun made a motion to approve the September 23, 2021 meeting Agenda, seconded by David Springer. Motion passed with Yvonne Hunter absent.

Public Comment / Introductions

Chair Shewmaker opened the floor for general public comments and on consent items. There were no written or verbal public comments on items not on the agenda and on the consent agenda items.

Brief task Group and VCE staff Reports

Task Group Reports: CAC Vice Chair Cynthia Rodriguez reminded those present that the CAC's year-end review process includes year end task group reports. Draft task group reports will be due for CAC review at the October meeting, with a final draft report presented to the CAC at the November meeting, then to the Board for their information at their December meeting. The Board Clerk will send out a reminder as to when draft reports are due for the October meeting.

Carbon Neutral Task Group: Ms. Rodriguez report that at the group's last meeting they discussed with Energeia, who is performing the carbon neutral study, what they were working on and their progress. The task group will keep the CAC informed as the study moves along.

Leg/Reg Task Group: Yvonne Hunter informed those present that Item 9 - Legislative end of session report, will be provided during the regular portion of tonight's meeting. Lorenzo Kristov had nothing to report at this time on regulatory items.

Outreach Task Group: Chair Shewmaker informed those present that an update will be provided during the regular agenda as Item 12.

Programs Task Group: Marsha Baird reported that the task group has met a couple of times and met with Clean Vehicle Assistance program, which provides electric vehicle (EV) rebates. The task group and staff will provide more information on the proposed EV rebate program at the CAC's next meeting. The group has also been working with other CACs to see how they have implemented such a program.

Rates Task Group: Lorenzo Kristov reported that the group has had a few meetings, but more information will be provided during the regular portion of the agenda.

9/9/2021 Board Meeting Summary: Interim General Manager Mitch Sears informed those present that the Board at their 9/9/21 meeting received an operating budget update; discussed rate structure; an update on the carbon neutrality study; extended the Green Ideals (marketing consultant) contract; and received the bi-annual Enterprise Risk Management report.

Staff Report: Mr. Sears provided information on the following: 1) status of the CC Power long duration storage RFP that was issued; VCE is continuing to see candidates for the vacant Program Analyst position; and, staff are continuing to provide information on the pumping load pilot program (Polaris) with the CPUC to act upon this in mid-November. VCE Staff Gordon Samuel reported that the Aquamarine solar project is in operation and that CC Power are contemplating issuing another RFO in a couple of months. VCE Staff Rebecca Boyles informed those present that the Level 2 chargers have been installed at the community center in the City of Winters. Ms. Boyles reminded those present that the OhmConnect thermostat promotion will end September 30, 2021 and approximately 177 customers were connected with smart thermostats. This is a higher amount than expected.

Consent Items

Mark Aulman made a motion to approve the September 23, 2021 Consent Agenda items, seconded by Jennifer Rindahl. Motion passed with Yvonne Hunter absent. The following items were:

5. approved August 26, 2021 meeting Minutes as amended;
6. received customer enrollment update as of September 15, 2021;
7. received Board's report of attestation of VCE's 2020 Power Content Label for the Standard Green and UltraGreen products; and,
8. received a Customer Dividend and Programs Allocation report.

Item 9: Legislative End of Session update. (Informational)

Mark Fenstermaker of Pacific Policy Group, VCE's lobbyist consultant, provided an update on the end of the legislative session, including major impacts on the legislative session: COVID – Capitol mostly closed, bill limit limitations; impacts of the Governor's recall; excess budget negotiations and late policy budget amendments; and, numerous clean energy proposals submitted. An update on the status of several legislative bills including AB 843, SB 612, SB 99 and AB1395 was provided.

Mr. Sears also report the passage of AB 361, which allows for the continuation of remote meetings until the State of Emergency is rescinded by the Governor. He will have more information for the CAC and Board on this item later.

There were no written or verbal public comments.

Item 10: Receive Operating Budget update. (Informational)

Chair Shewmaker announced that regular agenda items 10 and 11 are related. This update on the FY 2020/21 and FY 2021/22 was provided to the Board at their September 9th meeting. VCE Staff Edward Burnham provided an overview of key factors, such as COVID-19 impacts, regulatory decisions related to PCIA and RA, power prices, load impacts (including impacts of heat storms and drought impact on pumping), fiscal year and budget adoption timing, and current VCE rate policy, which have all influenced VCE Operating budget results.

The CAC discussed several aspects of the budget, including load forecast versus actual costs, impacts of weather on all customers, lessons learned on load forecast and what can be done moving forward, rate setting, underwater ground pumping levels, factors (RA and PCIA costs, long term PPAs, anticipated market costs) that get incorporated into load forecasting. Moving forward, staff will be monitoring operating budget, financial ash reserves, refining multi-year forecast updates and fiscal mitigation impacts.

There were no written or verbal public comments.

Item 11: Receive report and provide feedback on expanded and cost-recovery based customer rate structure and other potential cost-recovery concepts. (Information/Discussion)

Chair Shewmaker informed those present that the Board at their September 9th meeting were provided a report outlining additional detail on an expanded and cost-recovery based customer rate structure policy option. This report was referenced in Staff's report to the CAC on this item. Staff seek the CAC's feedback on a rate structure policy option and to solicit other potential options.

Mr. Sears provided summary of the staff report and linked rate structure, the operating budget, and forecasting. The CAC discussed several items: increased costs of power charge indifference adjustment (PCIA); results of rate implementation by other Community Choice Aggregates (CCAs); outreach message and timing of message to customers; power content label and renewables; least cost option "portfolio"; CARE/FERA customers; and, how much the default rate would increase and over what period of time should rates increase.

(Cynthia Rodriguez departed at 7:03 p.m.)

There were no written or verbal public comments.

After a thorough discussion, the CAC asked that Staff:

1. Provide more information/thoughts about impacts to the load forecast, including agriculture and climate change and how load impacts could be addressed/estimated in the future;
2. More information needs to be provided on the costs of the different rate options; and,
3. How the power content label and RPS of our power will be impacted.

It was also agreed that the Rates Task Group remain engaged on this topic. Staff will be seeking a recommendation from the CAC at their October meeting, for the Board's consideration at their November 10th special meeting.

Item 12: Outreach Task Group report. (Informational)	CAC Member and Outreach Task Group Chair Mark Aulman provided a verbal report on what the Task Group's activities, including successes, lessons learned, and work that still needs to be accomplished. Several items were discussed, such as: social media, themes and concerns expressed by customers, and jurisdictional concerns about resiliency. There were no written or verbal public comments.
Item 13: Provide input to Staff on defining "at-large" member categories for restructuring the CAC. (Discussion)	Chair Shewmaker informed those present that at the Board's September 9th meeting, a revised CAC structure was adopted with the CAC consisting of eight (8) members (2 each per jurisdiction) , and three (3) additional seats for At-Large members. Staff are seeking the CAC's feedback and assistance on defining the categories of expertise for At-Large members. After a thorough discussion, the CAC suggested adding descriptors of energy sector, financial, and local energy services (small businesses). There were no written or verbal public comments.
Item 14: 2021 Long Range Calendar. (Informational)	Chair Shewmaker thanked the members announcing that to date, every task group has given an update on their activities. The CAC asked that CC Power long duration storage be added to the calendar and asked about the status of the CalCCA annual meeting. There were no written or verbal public comments.
Advisory Committee Member and Announcements	CAC Member Gerry Braun announced that he is scheduled to give a webinar on using available local assets to achieve energy resilience. He will provide the webinar information to staff for distribution to the CAC.
Adjournment to Next Meeting	The meeting adjourned at 7:50 p.m. The next regular CAC meeting is scheduled for Thursday, October 28, 2021 at 5 p.m.

Alisa M. Lembke
Board Clerk/Administrative Analyst

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 6

TO: Community Advisory Committee

FROM: Rebecca Boyles, Director of Marketing & Customer Care

SUBJECT: Customer Enrollment Update (Information)

DATE: October 23, 2021

RECOMMENDATION

Receive the Customer Enrollment update as of October 20, 2021.

Attachment:

1. October 20, 2021 Customer Enrollment update

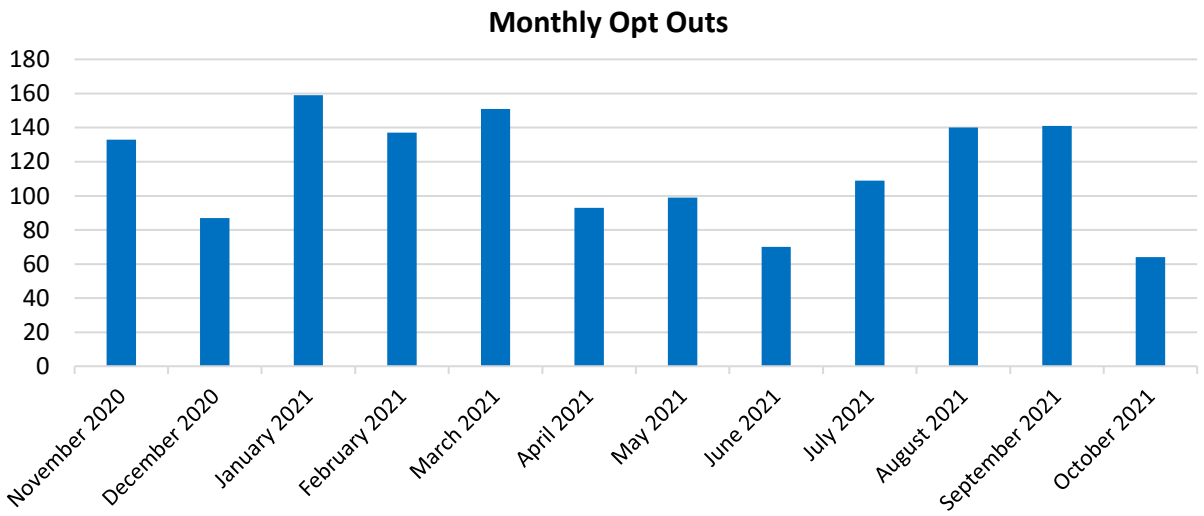
Item 6 - Enrollment Update

	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	27,635	20,551	2,455	10,738	61,379	53,352	6,057	7	1,875	10,411	50,968
Eligible customers	28,889	23,604	2,744	12,285	67,522	58,606	6,664	7	2,141	11,468	56,054
Participation Rate	96%	87%	89%	87%	91%	91%	91%	100%	88%	91%	91%

There are currently 70 Winters customers not included in this table. NEM will enroll throughout 2021.

% of Load Opted Out

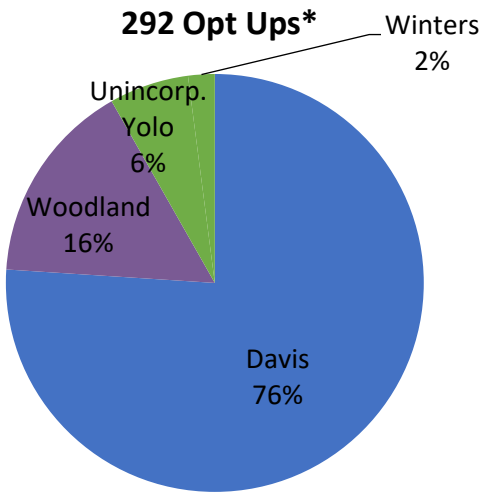
Residential	Commercial	Industrial	Ag	Total
10%	9%	0%	12%	10%

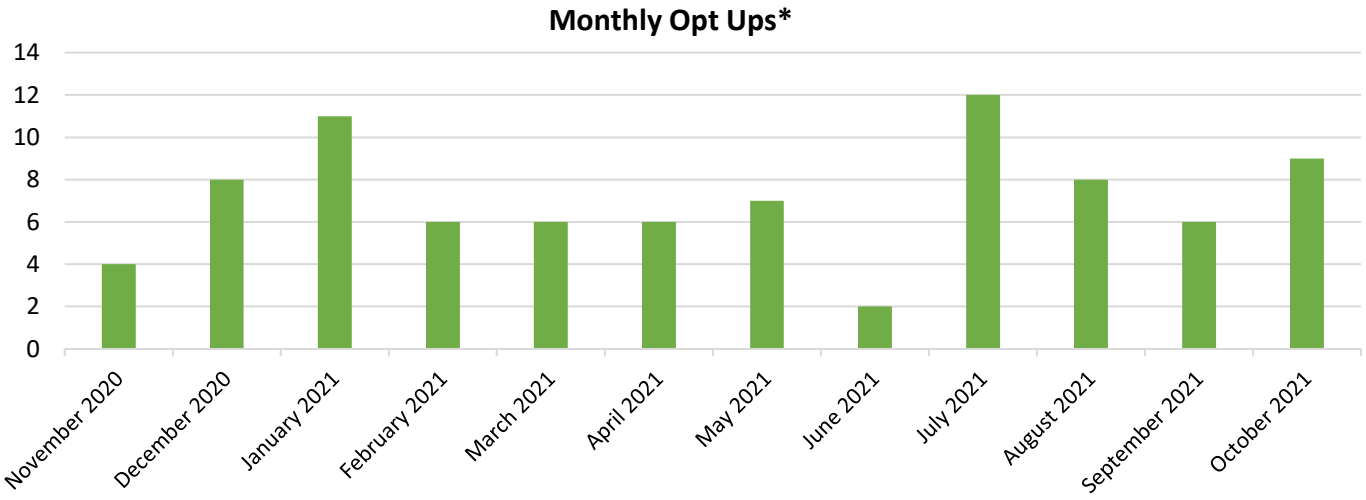


Status Date: 10/20/21

VALLEY CLEAN ENERGY

Item 6 - Enrollment Update



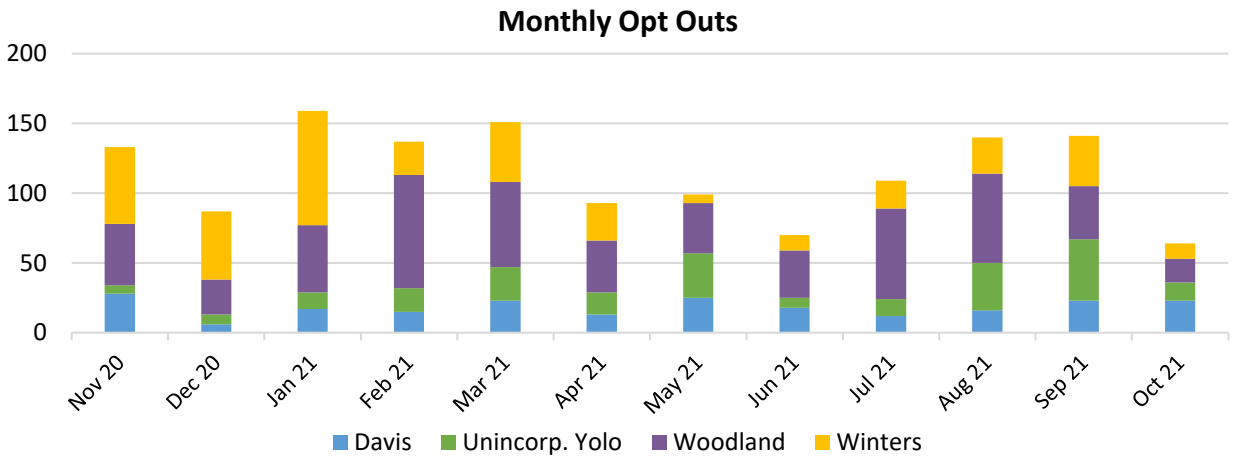


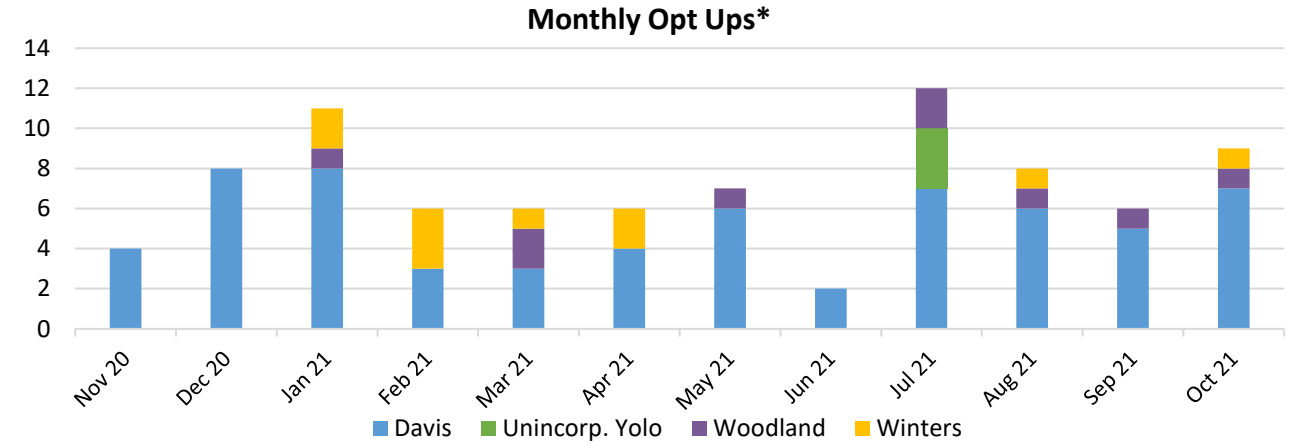
* The numbers in the pie chart represent opt ups for customers who are currently enrolled. The numbers in the bar graph represent opt up actions taken regardless of current enrollment status.

Status Date: 10/20/21

VALLEY CLEAN ENERGY

Item 6 - Enrollment Update



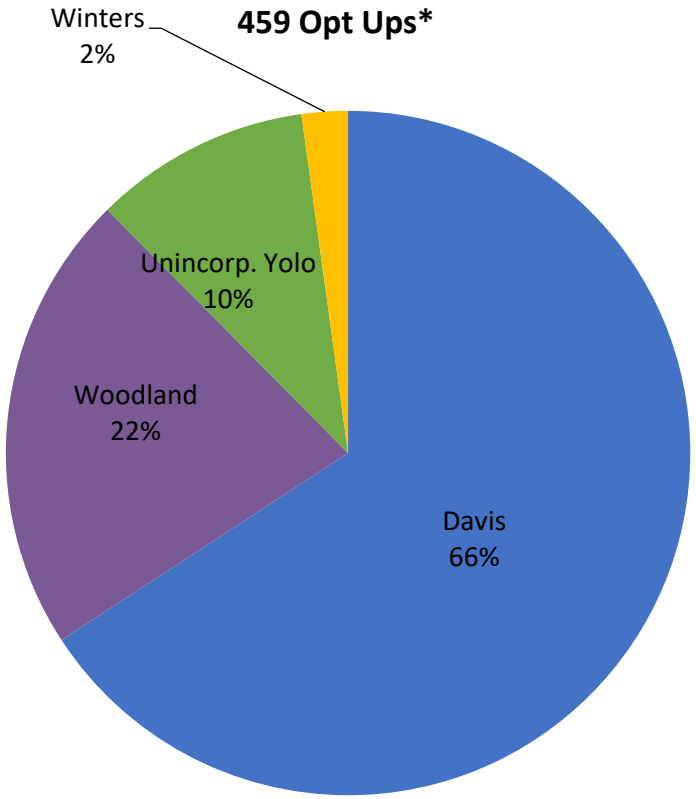


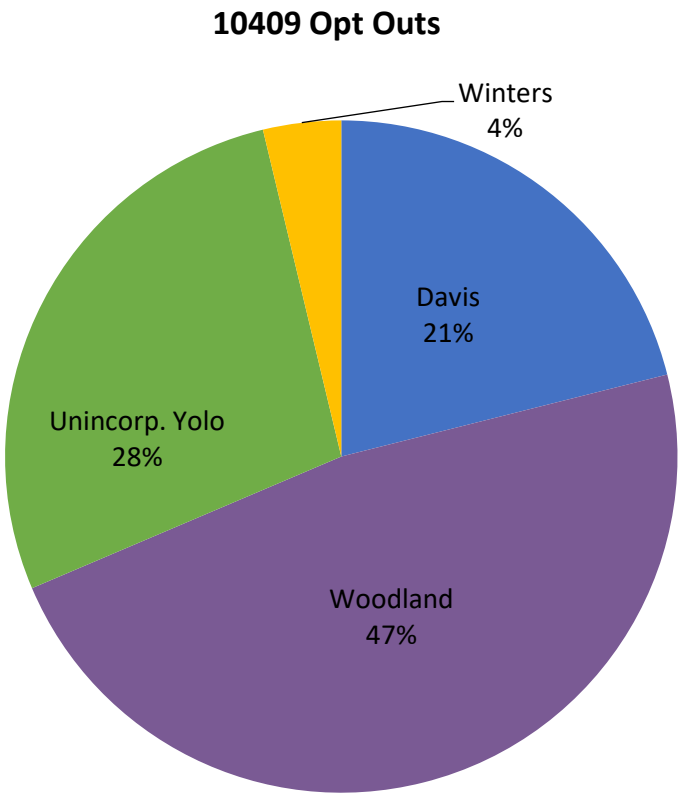
* These numbers represent all opt up actions ever taken regardless of current customer enrollment status.

Status Date: 10/20/21

VALLEY CLEAN ENERGY

Item 6 - Enrollment Update





* These numbers represent all opt up actions ever taken regardless of current customer enrollment status.

Status Date: 10/20/21

VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 7

TO: Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Informational Item: Power Content Label Customer Mailer

DATE: October 28, 2021

BACKGROUND

California Public Utilities Code requires all retail sellers of electric energy, including Valley Clean Energy (VCE), to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to their respective customers.[1] Applicable regulations direct retail sellers to provide such communications no later than October 1st of each year. The format for requisite communications is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers. This format has been termed the "Power Content Label" by the CEC.

Information presented in the Power Content Label includes the appropriate share of total energy supply based on resource type, including both renewable and conventional fuel sources. In the event that a retail seller meets a certain percentage of its supply obligation from unspecified resources, the report must identify such purchases as "unspecified sources of power." Unspecified sources of power refers to electricity that cannot be sourced back to a specific generator, such as energy purchased through open market transactions.

During the 2020 calendar year, VCE delivered a substantial portion of its electric energy supply from various renewable energy sources, mainly solar and wind. For VCE Standard Green customers, 43.9% of the energy delivered was from renewable energy resources (80% was from carbon-free resources). For UltraGreen customers, 100% of the energy delivered was generated from renewable energy resources. A copy of VCE's Power Content Label listing the energy resources used during 2020 is attached.

Consistent with applicable regulations and CEC guidance, VCE completed required customer communications in accordance with the deadline. On July 9th, 2020, VCE staff received written confirmation from the CEC that "The program regulations state that retail suppliers may send

[1] California Public Utilities Code Section 398.1(b).

the label via email to customers that have consented to receiving email in lieu of U.S. postal mail." All customers receiving VCE service during the calendar year 2020 should have received the Power Content Label via postal mail or email, if VCE has an email address for the customer on file.

ATTACHMENTS

1. 2020 Power Content Label

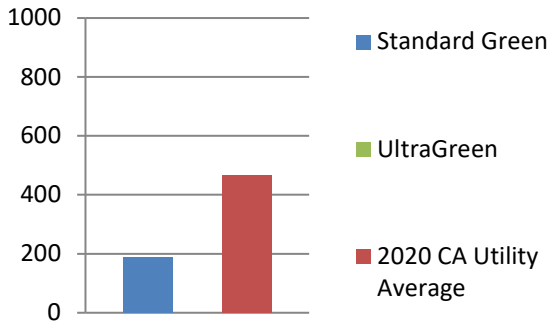
2020 POWER CONTENT LABEL

Valley Clean Energy Alliance

https://valleycleanenergy.org/power-sources/

Greenhouse Gas Emissions Intensity (lbs CO_2e/MWh)

Standard Green	UltraGreen	2020 CA Utility Average
190	**0**	**466**



Energy Resources	Standard Green	UltraGreen	2020 CA Power Mix
Eligible Renewable[1]	**43.9%**	**100.0%**	**33.1%**
Biomass & Biowaste	2.2%	0.0%	2.5%
Geothermal	0.0%	0.0%	4.9%
Eligible Hydroelectric	1.2%	50.0%	1.4%
Solar	26.0%	50.0%	13.2%
Wind	14.4%	0.0%	11.1%
Coal	**0.0%**	**0.0%**	**2.7%**
Large Hydroelectric	**36.5%**	**0.0%**	**12.2%**
Natural Gas	**0.0%**	**0.0%**	**37.1%**
Nuclear	**0.0%**	**0.0%**	**9.3%**
Other	**0.0%**	**0.0%**	**0.2%**
Unspecified Power[2]	**19.6%**	**0.0%**	**5.4%**
TOTAL	**100.0%**	**100.0%**	**100.0%**
Percentage of Retail Sales Covered by Retired Unbundled RECs[3]**:**	**0%**	**0%**	

[1]The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.

[2]Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.

[3]Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

For specific information about this electricity portfolio, contact:	**Valley Clean Energy Alliance** **1-855-699-8232**
For general information about the Power Content Label, visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	Toll-free in California: 844-454-2906 Outside California: 916-653-0237

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Cost Recovery Based Rate Policy and Customer Rate Structure

DATE: October 28, 2021

RECOMMENDTIONS

1. Recommend the VCE Board adopt the following:
    a. Adopt a cost-recovery based rate policy;
    b. Adopt a new rate structure with three customer options: (1) Standard Green (default) and (2) UltraGreen (100% renewable) with rates based on cost-recovery and add a (3) least-cost customer rate option;
    c. Automatically enroll California Alternative Rates for Energy (CARE) and Family Electric Rates Assistance (FERA) customers in the newly created least-cost rate option with an enhanced portfolio beginning in 2024.

OVERVIEW

Beginning in mid-2020, VCE began exploring the concept of cost-recovery based rates to address financial issues associated with power market and regulatory volatility. Steeply rising Power Charge Indifference Adjustment (PCIA) and power market costs have required VCE to draw on reserves to stabilize customer rates and maintain its current rate policy of matching PG&E generation rates. In Q3 of 2021, the Board directed staff to develop an expanded and cost-recovery based rate structure to address these issues. In September, staff presented a background report to the Board and CAC that included a draft outline rate structure and development/implementation schedule.

Based on updated power market forecasts and VCE financial model results that corrected an overestimation of the value of VCE's long-term renewable contracts, the Board approved an accelerated rate adjustment of approximately 2% in mid-October. This cost-recovery based rate adjustment slows the draw on reserves and will be reassessed as final rates for 2022 are set by the Board in December. Note: PG&E's 2022 PCIA and rates are scheduled to be released the 2nd week of November, allowing for VCE to set 2022 rates at the December Board meeting.

This report and recommendation serve to update VCE's rate policy and customer rate structure consistent with recent Board direction. This policy and structure, if adopted by the Board in November, will enable VCE to set rates calibrated to actual cost and reserve requirements rather than simply indexed to PG&E's generation rates.

BACKGROUND

In 2017, prior to launch, VCE adopted its Implementation Plan that included a provision that program rates must collect sufficient revenue from participating customers to fully fund VCE's budget, including the need to establish sufficient operating reserve funds. Over the past three years VCE has systematically analyzed policy options and implemented strategies to stabilize customer rates, reduce cost, and manage reserves. This is in keeping with its Strategic Plan goal to maintain financial stability while continuing to offer customer choice, competitive pricing and establishment of local programs. Several of these key financial mitigation strategies have included: discontinuing a rate discount, scaling back voluntary procurement of renewable energy credits, and signing long-term contracts for fixed price renewable/battery storage projects.

Recognizing that additional steps may be needed to achieve cost recovery objectives, in early 2020 staff began investigating rate related strategies employed by other CCA's designed to address on-going financial pressures outside of a CCA's control (e.g. PCIA, RA, power market prices). As noted in previous reports, research was conducted with input from the CAC Rates Task Group through mid-2021, resulting in a staff concept for an expanded and cost-recovery based customer rate structure. The concept was reviewed with feedback provided by the CAC in September and by the Board in September and October. The staff report related to the concept is at: Item-17-Customer-Rate-Structure-Policy-9-9-21.pdf (valleycleanenergy.org). Additional forecast information on rising power markets, identification of a modeling error, and elevated 2021 PCIA rates prompted the Board to approve a rate adjustment for the remaining months of 2021 and January 2022 to reduce the draw on reserves. Table 1 below shows the significant impact of these updated factors relative to the multi-year financial forecasts provided during the June fiscal year adoption process.

Table 1 – Budget and updated forecast

	Actuals		ACTUALS UNAUDITED	ACTUAL YTD Aug 31 (2 MO) + FORECAST (10 MO)	Forecasted	
Adopted Budget FY 2022 (June 2021)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	51,035	55,249	55,080	53,534	59,100	59,600
Power Cost	38,540	41,538	54,318	54,548	53,800	49,600
Other Expenses	3,850	4,346	4,267	4,857	5,100	5,200
Net Income	8,646	9,365	(3,505)	(5,871)	200	4,800

	Actuals		ACTUALS UNAUDITED	ACTUAL YTD Aug 31 (2 MO) + FORECAST (10 MO)	Forecasted	
Corrected Model (October 1 Power Curve)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	51,035	55,249	55,080	53,534	59,100	59,600
Power Cost	38,540	41,538	54,318	57,592	62,223	51,062
Other Expenses	3,850	4,346	4,267	4,857	5,100	5,200
Net Income	8,646	9,365	(3,505)	(8,915)	(8,223)	3,338

Notes:

1. For comparison purposes, Adopted and Corrected forecasts assume an overall 5% increase in customer rates and a 5% decrease in PCIA beginning in calendar year 2022 as adopted by the budget in June 2021. Updates to these two assumptions anticipated for PG&E's 2022 PCIA and generation rates will modify revenues shown.
2. Total difference between Adopted and Corrected forecasts is approximately $13M over the FYs 2022 to 2024.

For reference, the Board staff report related to the accelerated rate adjustment is at: Item-4-Rate-Adjustment-10-21-21.pdf (valleycleanenergy.org).

ANALYSIS

As discussed at previous CAC and Board meetings, all electric utilities develop forecasts of cost and revenue requirements based upon informed technical estimates. These forecasts incorporate factors such as future weather, load, market power prices, and other business conditions. Actual outcomes inevitably vary and in extreme instances, like the heat event of August 2020, outcomes may vary significantly.

Utilities and CCA's affected by such events must recover costs from customers or draw from reserve funds if available. Under its current rates policy, VCE has been drawing from reserves to stabilize customer rates by matching PG&E generation rates. CCAs in general - and VCE specifically - face two additional revenue impacting uncertainties: PG&E rate revisions and changes to the PCIA. Alterations to these components result in a corresponding and direct need for VCE to adjust rates (upward or downward) to maintain adopted financial and other Strategic Plan objectives. As a Community Choice program, VCE's advantages include local control and the ability to develop and implement revenue structures in a timely manner to meet financial policies and goals. Rate levels forecast and implemented in advance of retail sales, however, inevitably result in actual revenues above or below the cost to serve customers and accomplish business objectives. This is especially true in the electric power business because weather events and corresponding price/load volatility (like the heat storms experienced in August and September of 2020) may result in actual power supply costs substantially in excess of forecast costs. Most utilities have adopted rate stabilization mechanisms to compensate for these types of cost uncertainties in order to more closely balance revenues and costs. As shown in Table 2 below, these factors have also impacted other CCA's who have taken steps to implement cost-recovery based rates.

Table 2

CCA	IOU Territory	% Difference to IOU (default product)
Clean Power SF	PG&E	+2%
MCE Clean Energy	PG&E	+7%
Pioneer Community Energy	PG&E	+6%
San Jose Clean Energy	PG&E	+8%
Sonoma Clean Power	PG&E	+5%
Clean Power Alliance (Los Angeles area)	SCE	+8%
Desert Clean Energy	SCE	+20%

As discussed at previous meetings, these rate determining factors and rising power market prices have stretched VCE's financials and forced the Board to adopt cost mitigation measures beginning as early as 2018 (e.g. rate increase, delayed procurement of renewables, reduced program activity). The volatility of these factors make it necessary for VCE to now consider a cost-recovery based customer rate structure.

Cost-Recovery Rate Policy

Currently, VCE sets rates for its default product to match PG&E's generation rates, regardless of market and regulatory movement. While it is simple to calculate and communicate, this

approach requires VCE to draw on reserves to smooth this volatility. Due to the noted scale and variability of these cost drivers, VCE's current rate approach is not aligned with its financial objectives and fiduciary responsibility to collect sufficient revenue from participating customers to fully fund expenditures and establish sufficient operating reserves.

A cost-recovery based rate structure addresses this uncertainty and allows VCE to build a financial foundation that is sustainable, enabling the organization to carry out its mission. In the context of these factors, staff's recommended rate policy update and associated implementing procedure is:

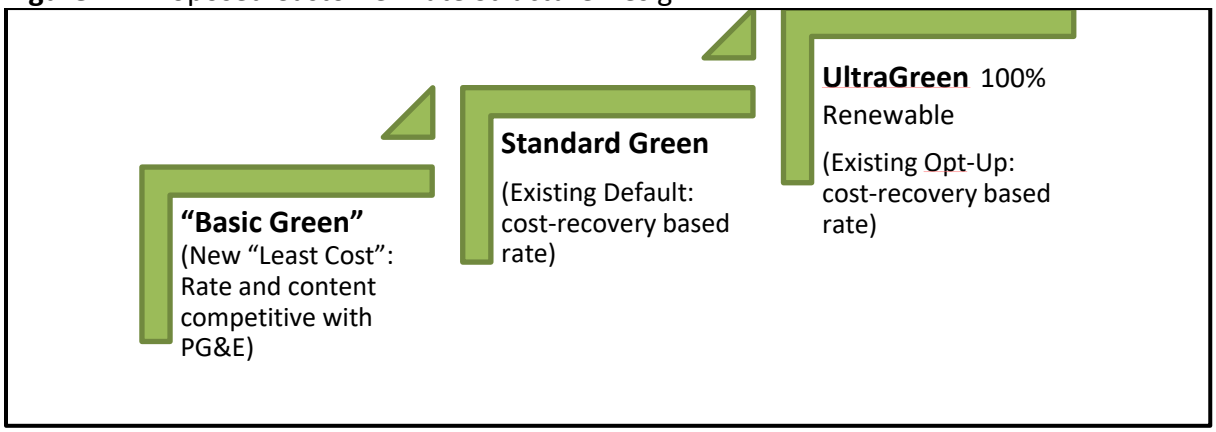
> *Policy: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's budget and establish sufficient operating reserve funds.*
>
> *Implementing Procedure (budget years 2022 and 2023): Over the next two budget years set customer rates to fully fund VCE's budget, as may be amended from time to time, and rebuild a minimum operating reserve of 30 days cash by the end of 2023; with a targeted operating reserve of 60 days cash by the end of 2023. Beginning in 2024, higher operating reserve targets will be established to support Strategic Plan goals including achieving an investment grade credit rating.*

Recommended Customer Rate Structure

The recommended customer rate structure introduces two key elements to VCE's existing rate structure. First, it increases customer choice by adding a new least cost customer option that would continue to be directly indexed to PG&E's rates. This new option is designed in recognition that many VCE customers have been impacted by the pandemic and that rising utility bills have further strained family and business finances. Second, the existing default (Standard Green) and opt-up (UltraGreen) options would incorporate cost-recovery based rates. The modification to VCE's existing two options would enable VCE to set rates calibrated on actual cost and reserve requirements.

Figure 1 below summarizes the proposed structure.

Figure 1 – Proposed Customer Rate Structure Design



Note: Name of new customer option TBD.

The proposed customer rate structure incorporates the following:

1. Rate Structure
    a. Three customer rate options – (1) Basic (new), (2) Standard (existing default), and (3) UltraGreen (existing opt-up)

2. Customer Distribution
    a. All CARE/FERA customers automatically opted down (approx. 27% of VCE load)
    b. Assumed additional customer load opt-down/out: 5%

3. Portfolio/Price (renewable/GHG content)
    a. Basic Green rate (new): competitive with PG&E generation rate (+/- 2%) and maintain minimum portfolio to comply with regulatory requirements; ineligible for customer dividend program.
        i. CARE/FERA customers maintain existing VCE multi-year portfolio mix for Standard default through 2023; shift to enhanced portfolio in 2024: PG&E renewable content plus a minimum of 5%.
    b. Standard (existing default): cost-recovery based rate and maintain existing VCE multi-year portfolio mix.
    c. UltraGreen (existing opt-up): cost-recovery based rate and maintain existing 100% renewable/GHG free mix.

The following preliminary assumptions are incorporated into the analysis of the proposed rate structure:

1. PCIA 25% lower in 2022; 7% higher in 2023; stable at the 2023 rate for 2024.
2. RA costs stable in 2022 and 2023.
3. Market power costs stable at 2021 rates in 2022; lower exposure in 2023 and beyond as VCE's long-term power purchase agreements begin full delivery.

<u>Updated Schedule</u>

The schedule developed for consideration of the expanded and cost-recovery based rate structure had been updated to include the special Board meeting in October, PG&E 2022 rates/PCIA information release, the CAC review of 2022 rates at its November meeting and the December Board meeting adopting 2022 VCE rates.

- *Sept: Board direction; Based on Board direction, staff + CAC Task Group finalize draft rate policy and expanded and cost-recovery based customer rate structure.*
- *Sept: CAC examination/feedback on draft rate policy and expanded and cost-recovery based customer rate structure; input on customer outreach strategy.*
- *October: Board update/direction; draft policy/rate structure.*
- *October: Board special meeting; approved accelerated rate adjustment for Nov 2021 – Jan 2022.*
- **October 28 (current):** CAC consideration/recommendation on final draft policy/rate structure.
- Nov 8: PG&E 2022 rates and PCIA update released.
- Nov 10: Board consideration/action on final draft policy/rate structure.
- Nov 18: CAC update on 2022 PCIA and PG&E rates.
- Dec 9: Board adoption of calendar based fiscal year and budget; set 2022 VCE rates.

- Nov-Jan 2022: Execute customer outreach strategy.
- Jan 2022: Rates update report to Board/CAC.
- Feb 2022: Implement expanded and cost-recovery based customer rates and structure.
- Post-implementation: Monitoring/reporting customer opt-out/opt-down activity.

CONCLUSION/NEXT STEPS

Staff is recommending adoption of an expanded and cost-recovery based customer rate structure similar to those implemented by other CCA's. Staff recognizes that the recommended action is a shift from VCE's current rate structure but also that it is driven by forces outside of VCE's direct control. Staff is making the recommendation because it maintains local control, customer choice, cost competitiveness and the ability to execute local programs.

As noted in the revised schedule, staff will be returning to the CAC in November with PG&E's 2022 rates and PCIA. These two key factors will impact VCE's 2022 rates that will be set by the Board in December.

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report - Item 9

TO: Community Advisory Committee

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Introduction to Community Resiliency (Informational)

DATE: October 28, 2021

This staff report transmits for your information and review draft "Resilient Community Vision" provided by CAC Member Lorenzo Kristov. He will present further information in a slide presentation at the meeting.

Attachment:

1. Draft Resilient Community Vision

Resilient Community:
A concept and vision for community action, city planning and state policy for the 21st century

Introduction

Resilience for a community or a city is the ability to maintain essential quality of life functions and services for its residents when a severe disruptive event or sequence of events occurs. We mostly tend to think of a disruptive event as a sudden occurrence, like an extreme weather or environmental calamity such as a hurricane or widespread fire. But resilience is also needed to withstand disruptions that unfold over time, like the erosion of local jobs and tax revenues a city could experience due to a gradual loss of viable local businesses or the decline of a major local employer. This paper considers both types of disruptions in identifying elements of a resilient community. Resilience thinking for the 21st century needs to consider risks of economic and political volatility as well as climate and ecosystem instability.

Resilience is fundamentally a local capacity. No matter how widespread a disruption's impacts may be, people will always have to deal with immediate, on-the-ground impacts that affect lives and infrastructure in their local areas. Nevertheless, strategies and policies for building resilient communities must be both bottom-up and top-down. This vision therefore describes elements of resilience in a sequence of six concentric layers, from the individual family or building through the local government level up to the level of state policy. Local governments are varied and unequal in their ability to implement resilience measures, so state policy actions are needed to promote resilient communities, for example by investing in local capacity to implement resilience projects, facilitating knowledge sharing and replication of successful projects, and ensuring that no communities are left behind in building greater resilience.

The elements of the vision offered here are illustrative ideas based on some current practices for building resilient communities, but are not the last word. This paper is intended to stimulate a broader conversation about what resilience means and the reasons why it is important, and an exploration of strategies and policies we can undertake for building resilience at each level of our social and economic systems. The next section envisions a resilient community in the year 2030, as if the elements of resilience at each level have been implemented. Such is the nature of a vision: it offers a picture of the desirable destination, setting aside for later discussions the strategies, decisions and actions needed to get us there. The last section explains some key concepts and technical definitions that comprise this vision.

Envisioning a Resilient Community in Concentric Layers

The concept of resilient community draws heavily on biological and ecological models, the ways nature designs complex adaptive systems, such as complex organisms like ourselves as well as ecosystems consisting of hundreds of species. One of nature's core system design principles is hierarchical structure, whereby functional integrity is maintained at multiple levels of the system. Thus the resilient community vision starts with resilience at the level of a single household or

building, then moves up to the small group of neighbors that comprise a residential block or small apartment complex, then a larger neighborhood of perhaps a couple hundred households, then to an entire city. The city is a key level of the resilience hierarchy because city government is typically responsible for providing essential services like water, sewer, waste management, safety, emergency response, and more. The city or county level is also where planning occurs (development, land use, transportation, building codes, etc.), and several of the strategies for strengthening resilience need to be taken on as planning elements. Continuing up the resilience hierarchy, the next level is the county or multi-county region, followed by the entire state. We could continue further to consider the national, inter-national and planetary levels, but this paper stops at the state level. State government is the logical locus of responsibility for strengthening resilience in all communities across the state through policies and programs to correct for local economic and resource disadvantages and promote environmental and economic justice.

The individual household or building level

At this level the focus is on energy, water, waste and design. There are many models available for detailed exploration; this is just a basic list of key features.

1. Each building minimizes its energy consumption (with energy efficiency retrofits, or requirements and codes applied to new construction), with passive means including insulation, solar panels, thermal and battery storage, electric vehicle charging, smart appliances and automated energy management systems.
2. Each building's resource use is configured within the context of the surrounding buildings and community. For example, a family's decision to install solar panels will consider the overall pattern of solar exposure and shade trees in the local area.
3. Rooftop solar systems are sized to maximize use of available solar radiation rather than limited to the needs of the building. Excess solar production is stored on-site or in community-level storage facilities, or exported to neighboring buildings; thus "zero net energy" (ZNE) is a community-level rather than individual-building principle, to avoid conflicting incentives for rooftop PV versus shade trees.
4. Each building performs all its necessary functions without using fossil fuels of any kind. Natural gas service is discontinued as all energy uses are electrified, and fire risk is reduced as a result.
5. Each building is part of a micro-grid or is wired to be "micro-grid ready." (The defining feature of a micro-grid is the ability to disconnect from the bulk electric system and operate as an electrical island, and then reconnect and resume grid operation at a later time; see definitions at the end of this paper.)
6. Each building has smart electric vehicle charging that works in concert with energy storage to maximize local use of renewable energy production, and can be coordinated with other charging stations in the neighborhood to smooth demand on the electric grid.
7. Each building minimizes the amount of solid waste that is removed from the premises, e.g., by composting either on premises or within the neighborhood.
8. Each building captures and uses grey water on the premises.

9. Each building captures and retains a substantial amount of rain and storm water, for on-site infiltration and irrigation.
10. New residential construction incorporates street-facing porches and other architectural and landscape features to facilitate block-level interactions.
11. All buildings incorporate landscaping features designed for low water usage, locally native plants, and minimal production of green waste.

The block level

A block is approximately 6-12 houses or housing units on both sides of a residential block or cul-de-sac. The emphasis at this level is to develop a very local sense of community and interdependence, both for practical purposes like sharing food, tools, child care, etc., and for intangibles like a feeling of greater security.

12. Everybody knows everybody by name, which house they live in, the names of their children and pets. They pay attention to comings and goings, provide mutual help as needed, and notice and welcome strangers appearing on the block.
13. Each block has shared green spaces, benches and areas for hanging out outside and conversing on warm evenings.
14. Residents on each block share a garden space, chicken coop or small fruit orchard, and share produce from their personal gardens.

The neighborhood level

The neighborhood is approximately 100-300 houses or units of a residential complex, though there are no set guidelines and each neighborhood will have to determine the most sensible way to define its boundaries. A neighborhood will have public gathering spaces and commercial businesses and services in addition to the residences. The emphasis at this level is to develop a collective “sense of place” or neighborhood identity, to which all residents and businesses contribute by participating in neighborhood-based activities and improvement projects.

15. Each neighborhood has a small team of residents (approx. 4-10 people) who coordinate events, activities, and projects to enhance quality of life in the neighborhood. These teams do not do everything, however; they are organizers and facilitators, but several dozen people or more come out for community meetings and help conduct events and projects. Events enjoy wide participation by neighborhood residents and businesses, as well as visitors from other neighborhoods.
16. A city-wide program has facilitated the identification and formation of the neighborhood teams and provides ongoing support to disseminate ideas and information, as well as grant funding opportunities for projects.
17. Each neighborhood holds monthly pot-luck gatherings at a regular date and time each month, at rotating locations at different people’s houses, or in public spaces when weather allows.
18. Each neighborhood has both outside and inside gathering spaces for meetings and events. Neighbors may have designated a special “green heart” of the neighborhood, a primary gathering space for major events like seasonal bazaars and celebrations.

19. Each neighborhood has been designed for walkability and frequent interaction – wide sidewalks, street-side green spaces, traffic calming measures, benches and gathering areas.
20. Each neighborhood has been designed to maximize local capture and infiltration of storm water.
21. Each neighborhood has a shade tree plan to ensure proper care of trees in dry seasons and removal and replacement of dying trees to maintain desired shade cover.
22. Each neighborhood has little free libraries, tool-sharing, a free-cycle facility and vehicle-sharing arrangements.
23. There is an email list-serve or other communication vehicles that include all residents, for announcements, requests for assistance, etc.
24. There is a directory of the occupations and shareable skills of all residents to facilitate provision of services among residents; i.e., a local economy to exchange some portion of essential goods and services, mediated by a locally-managed accounting system.
25. Each neighborhood has several local businesses, such as grocery or general store, restaurants or cafes, a laundry, repair services and workshops.
26. Each neighborhood has one or more community gardens, chicken coops, local energy facilities (e.g., solar + storage), and organic waste is fully utilized locally rather than picked up and transported elsewhere.

The city level

The emphasis at this level is on all the normal functions of a city government, i.e., provision of essential municipal services, planning, engaging community participation in governance, adoption of longer-term goals and implementation of ordinances, programs and project plans to enhance the quality of life in the city. The city level is also where government and citizens come together to address serious concerns such as homelessness, health care access, mobility, local business conditions, restorative justice, coordination and joint planning with any major resident institutions such as a university campus, etc.

27. The city's net carbon footprint (transportation, buildings and energy) has been reduced to zero, and the city is a net exporter of carbon free energy during summer months.
28. The city's databases are rich, well managed and easily accessed for purposes of planning and operation of services provided by the city and in partnerships with other entities. The city has active data sharing agreements with privately-owned utilities and other local infrastructure owners, resulting in more efficient and economical siting and integrated operation of facilities and systems.
29. Through a community choice energy program the city has implemented local renewable generation and energy storage systems, energy efficiency programs, electric vehicle charging stations, and other initiatives to electrify transportation, buildings, commercial and agricultural activities. Several of these have involved collaboration with the electric distribution utility.

30. The city has implemented, in collaboration with the electric utility, a city-wide fiber-optic network that serves to provide high-speed internet service to the entire city while also modernizing the utility's electric distribution grid to reliably operate with diverse local energy facilities.
31. The city has implemented a zero-waste program; solid waste removed from the city is minimal; waste removed from individual premises is used within the city for its nutrient, energy and material content.
32. A central downtown core is closed to private motor vehicles, except for designated routes for commercial deliveries and mobility services for individuals.
33. The city has established a city-wide uber-like mobility service that is municipal or coop-owned and operated (e.g., Ride Austin); this eliminates the need for residents to drive personal vehicles to access city businesses and services.
34. Buildings in the downtown core are generally multiple stories tall with commercial spaces on ground and 2nd floors and residential units on upper floors. Many city residents both live and work in the core area.
35. The city has implemented strategies for keeping wealth generated by the community within the community, to minimize the wealth and income that flow out to absentee investors.
36. The city has a local community bank, or participates in such a bank at the county or multi-county level, that is dedicated to meeting the financial needs of local businesses and residents.
37. The city has collaborated with the electric distribution utility to plan and install electric vehicle rapid-charging stations at key locations. Electricity rates encourage workplace vehicle charging so that a large share of daytime solar energy production is used locally.
38. Municipal services have been designed and are operated as a whole system to take advantage of synergies and interconnections among services. This "convergence" model includes water supply, wastewater and solid waste management, telecommunications, safety and security, fire protection, energy, local transportation, local media and public spaces.
39. The city, in collaboration with the county and several neighboring cities, has eliminated homelessness by providing safe and adequate housing for all, combined with meaningful work and education opportunities, medical and mental health care.
40. The city is ringed by locally owned and operated small farms, which supply a significant proportion of locally consumed food. Food procurement by the city, the school system, and other government functions relies primarily on local producers.

The county or multi-county level

The focus at this level is twofold: first, to recognize when concerns facing a city are actually concerns for a broader geographic area and are best addressed through an inter-government collaborative approach, and second, to find opportunities for synergies and efficiencies by creating shared programs or infrastructure for activities normally specified for the city level. Joint Powers Agencies (JPAs) are useful structures for such activities.

41. Local jurisdictions in the area collaborate to support local regenerative agriculture, e.g., through "slow money" investment/lending groups, procurement of local food for schools, hospitals and municipal needs, and economic incentives that encourage agricultural methods that regenerate healthy soil.
42. Local jurisdictions collaborate to minimize food waste, e.g., through collection and redistribution of "expired" and other food culled for non-health-related reasons.
43. The county or region has implemented a plan for preserving habitat diversity, including wooded areas and wildlife corridors.

The state level

The focus at this level is for the state government to formally recognize "resilient communities" as a central policy objective for the 21st century and to provide legislation to implement and fund activities and projects across the state to build resilience in all communities.

44. The Legislature and Governor have adopted "resilient communities" as a statewide policy goal, complementary to greenhouse gas reduction, fossil-fuel elimination and renewable energy, and have authorized and funded programs to strengthen local capacity and implement projects for local resilience and local energy throughout the state.
45. To further resilient communities, the state has established standards and scalable models for constructing nested systems of electric micro-grids in all local jurisdictions (see definitions below). Privately-owned electric utilities have become partners with local governments to implement such systems.
46. The state has established a state bank that serves businesses and local governments, to enable them to fund capital investments and public projects without having to rely on national financial markets and institutions.

Concepts, technical terms, and definitions

Resilience

Resilience is the ability of a system to maintain its intended functions and continue to provide services when severe disruptive events occur. In the context of a community or a city, we think of electric service, water supply, telecommunications, emergency and rescue services, shelter, food and medical services, safety and security. Resilience is fundamentally a local capability: no matter how geographically widespread a disruptive event may be, people in each affected locale have to deal with immediate, on-the-ground, possibly life-threatening impacts where they live.

Resilience also has a longer-term meaning. Some disruptions unfold over months or years – think of instances where a town's major employer moves overseas, or a region's industry such as coal mining comes into direct conflict with the health of crucial life-support systems of the earth. A resilient community is one that enables its members to sustain their lives and meet essential needs through local economic activities that provide necessary goods and services without having to rely totally on the diminishing wage-economy to purchase goods imported from other areas by large corporate enterprises. Think of local food production, medical care, building and housing trades, education, music and arts, transport services, etc.

Resilience must be designed at multiple concentric levels, with interactive relationships between the levels. In this document, the sequence of six concentric levels from lowest to highest is: household => block => neighborhood => city => county or multi-county region => statewide.

Resilience and sustainability. These are distinct and complementary concepts, much like the distinction between climate change adaptation and climate change mitigation. Resilience has an adaptive flavor to it, i.e., to strengthen local capability to deal with disruptive weather and other events more likely to occur in the coming decades due to ecosystem damage that has already set certain global forces of change in motion. Sustainability and mitigation are similar, in the sense of making permanent changes to human practices related to energy, agriculture, etc., so as to eliminate those practices that disrupt our ecosystems so we can stop making things worse and start to reverse the damage. Thus resilience entails getting ready for what's already begun happening and will likely get worse no matter how quickly we stop using fossil fuels, whereas sustainability means reformulating social and economic institutions and practices and individual behavior to live in harmony with the ecosystems that sustain life.

Some relevant principles

Zero waste means the amount of waste materials a city or county sends "away" to a landfill or to be exported to recycling commodity markets is as close to zero as possible. Instead, materials are used locally for their energy or nutrient content and as repurposed construction or other uses.

Zero net energy means the amount of energy a building or other end-use consumes over a given time period, typically a year, net of its own energy production, is zero. ZNE should be applied at level of neighborhood, campus, micro-grid or whole city, rather than the individual building, to take advantage of diversity of end-use patterns, solar radiation, etc.

Zero net carbon is a more powerful principle than zero net energy as it includes all activities that contribute to carbon emissions, not just those directly associated with energy. Net carbon analysis must also consider life-cycle emissions, not just emissions generated at the end-use level. Concrete is a good example. Production of concrete involves massive carbon emissions starting with the mining of limestone.

Electrification. Broad and deep reduction in greenhouse gas and other pollutant emissions requires that fossil-fuel-using functions be converted to using electricity, along with conversion of the electric system to renewable energy. This includes electrification of transportation, buildings, and agricultural, commercial and industrial activities. What electrification proponents often fail to acknowledge is that most such conversion efforts will need to be addressed in the context of city and county planning efforts, and will have impacts on the electricity grid at the level of the local distribution systems. Electrification will therefore require partnerships between local governments and electric distribution utilities.

Convergence. Modern advances in communication and control technologies for complex systems enables formerly separate municipal services to be "converged" – designed and managed as elements of a whole system. For example, a common communications network can provide real-time operational information for water supply, electric service, wastewater treatment, emergency services and high-speed internet access. The same network can also collect billing information for municipal services. Solid waste and wastewater streams can provide nutrient inputs for agriculture and energy input for producing electricity and fuels.

Localization. The deliberate process of strengthening local production of essential goods and provision of essential services, while reducing reliance on purchases of goods delivered over great distances and provided by corporate entities whose primary objective is to maximize profits for distant shareholders. Localization is at the core of community resilience to longer-term disruptions such as gradual degradation of ecosystems, decline of major employers, and the impacts of economic boom and bust cycles.

Micro-grids

A micro-grid is a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that acts as a single controllable entity with respect to the grid and that can disconnect from and re-connect to the grid to operate in either grid-connected or island mode.

Micro-grid ready means the building has installed control systems to enable it to interface as a single controllable entity with the larger electric grid, so that it can be incorporated into a micro-grid without requiring significant upgrades or retrofits.

A single-user micro-grid is an electrical unit that serves a single energy end-user, such as a single-family residence at the lower size range, to a university or medical center campus at the higher size range.

A multi-user micro-grid is an electrical unit that serves multiple energy end-users. An example is a community micro-grid that serves all the residences and businesses in a neighborhood, or a commercial or industrial park that serves multiple businesses.

Nested systems of micro-grids are arrangements of smaller micro-grids within larger micro-grids, designed to disconnect and operate in island mode at whatever level is needed for the given situation. Typically, the lowest level micro-grid would be an individual building such as a residence or a portion of a larger building. A city implementing a nested system of micro-grids for resilience could, for example, have individual micro-grids at the local hospital, fire station, police station, city hall, an emergency shelter, a pharmacy, one or more schools. At the next higher level, a micro-grid arrangement could be comprised of several of the above individual micro-grids plus all the residences and businesses within the same electrical area, with control systems that enable the entire area to function as a single entity at its connection point to the larger utility electric system.

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report - Item 10

TO: Community Advisory Committee

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: 2021 Year End Review – Evaluation of Calendar Year Activities

DATE: October 28, 2021

This staff report transmits the draft 2021 CAC (summary) and **Task Group** reports for discussion:

- CAC
- Legislative / Regulatory
- Outreach
- Programs
- Rates
- Carbon Neutral

Attachments:

1. CAC
2. Legislative / Regulatory
3. Outreach
4. Programs
5. Rates
6. Carbon Neutral

Background and Introduction

The Community Advisory Committee (CAC) of the Valley Clean Energy Alliance (VCEA) was created by the Board in December 2016 and held its first meeting in August 2017. In September 2017, the Board adopted a "charge" for the CAC outlining its goals, purpose and direction. The CAC charge was revised by the CAC and approved by the Board in November 2018. This report summarizes the main activities and issues addressed by the CAC during 2021

2021 CAC Members:

Davis: Gerry Braun, Yvonne Hunter, Lorenzo Kristov (through October 2021)
Woodland: Mark Aulman, Chris Casey (through May 2021), Christine Shewmaker (Chair)
Unincorporated Yolo County: Marsha Baird, Cynthia Rodriguez (Vice-chair),
Winters : Peter Meyer (through May 2021), Jennifer Rindahl, David Springer
At large members: Lorenzo Kristov (October-December 2021)

Main Activities and Issues Addressed 2021

1. Recommendations to the Board on VCE policy
    1. Encouraging new building electrification
    2. Strategic Marketing Plan
    3. Joining CA Community Power JPA
    4. Three Year Program Plan

2. Reviewed and provided input on critical issues facing VCEA, including:
    1. Power procurement and load forecasting
    2. Finance and budget-related items and rate concerns
    3. CAC structure

3. Organized 2021 task groups to work closely with Staff on pressing issues in key areas driven by the newly adopted Strategic Plan and report back to the full CAC. These were: Legislative/Regulatory, Outreach, Programs, Rates, Members and Decarbonization and Carbon Neutral. (Summary reports on work of task group are in the Appendix.)

4. Welcomed new VCE Staff Edward Burnham in April. Saw the departure of contract attorney Harriet Steiner and staff Tessa Tobar in June 2021.

Conclusion

Over the past year, the CAC has continued to work closely with Staff and has provided considered insights to the Board on issues, both from their represented communities and on the science and practical issues of the work of VCE. The Committee has been closely directed by the newly adopted Strategic Plan and Environmental Justice statement, current financial issues facing VCE, the law surrounding changes to power sources and requirements, deadlines self-imposed and by law, and the community interest in energy direction. The CAC has assisted in providing essential information for changes to power sources mandated by both required and chosen deadlines to further production of clean energy and the necessity to reach carbon neutrality by 2030. These significant and life altering goals have directed the work of the CAC to advise the VCEA specifically on achieving its highest priorities in energy and the business of delivering safe and clean power, critical to the success of VCEA.

Appendix

1. Board Charge to the CAC
2. Task Group Summaries
    1. Legislative/Regulatory
    2. Outreach
    3. Programs
    4. Rates
    5. Carbon Neutral

LEG/REG TASK GROUP
2021 REPORT

Task Group Members: Yvonne Hunter, Lorenzo Kristov, Jennifer Rindahl, Christine Shewmaker

2021 Charge: Work with VCE's lobbyist and VCE staff to:

- Provide feedback, technical information and strategic advice to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general, including legislation and regulatory issues related to VCE's Strategic Plan and Environmental Justice Statement.
- Provide periodic reports to the CAC about legislation and regulatory issues.
- Solicit recommendations from the CAC on VCE positions on key legislation and proceedings.
- Contribute to VCE's engagement with legislators and other stakeholders.
- Advise VCE staff on CalCCA's regulatory work where and when appropriate.

Highlights of Accomplishments in 2021

During 2021, the Leg/Reg Task Group met bi-weekly with staff and VCE's lobbyist and worked closely with them to:

1. Review pending legislation, provide feedback, technical and policy information, strategic guidance and recommend VCE positions and legislative strategies for pending legislation and regulatory issues.

2. Update the Legislative Platform to incorporate, among other topics, appropriate items from the newly adopted VCE strategic plan and EJ statement for review by the CAC and consideration by the VCE board (in process).

3. Provide input on VCE's engagement with legislators and other stakeholders, especially related to SB 612.

4. Consider key issues for potential legislative engagement in the 2021-2022 legislative session (ongoing).

5. Provide periodic information related to selected regulatory proceedings before the Public Utilities Commission.

Challenges

1. Staying informed about CPUC regulatory activities that affect VCE and other CCAs in the same manner in which the Task Group is informed about legislative issues.

2. Navigating the legislative process during both the COVID pandemic and a budget excess.

Opportunities

1. Continue to engage local stakeholders and other potential partners in advancing VCE's positions on legislative and regulatory issues. Ongoing also opportunity for engaging general public in legislation that benefits CCA, such as SB 612.

2. Incorporate relevant topics from the newly adopted Strategic Plan into the Task Group's work.

VCE COMMUNITY ADVISORY COMMITTEE
OUTREACH TASK GROUP (OTG)
2021 ACTIVITIES REPORT

Task Group Members: Mark Aulman (chair), Marsha Baird, Yvonne Hunter
VCE Staff: Rebecca Boyles

2021 Outreach Task Group Charge

- Collaborate with VCEA staff and consultants on community outreach to, and liaison with, member communities
- Assist in the development of public information strategies, planning, and materials related to VCEA policies and programs. As requested by staff, review draft materials and provide comments

Highlights of Accomplishments:

- Reviewed and provided editorial feedback on pre-release marketing materials including NEM communications, VCE Newsletter, and specific collateral projects.
- Reviewed substantial modifications to the VCE website including new topic areas, such as environmental justice and a Spanish language version, as well as program offerings and customer information -- Ohm Connect, Putah Creek solar, electric vehicle information, financial assistance, navigating time-of-use, and 'understanding your bill'.
- Assisted with the development of advertising, including testimonials .
- Consulted on modifications to Call Center operations to help minimize opt-outs.
- Monitored social media for VCE-related postings and replied as needed.
- Continued monthly task group meetings to review near-term project calendar and provided feedback on specific projects.
- Conducted ongoing review of messaging strategies for consistency and appropriateness.
- Maintained contact with member communities to coordinate future opportunities for coordinated outreach.

Lessons Learned – Challenges and Opportunities

Challenges:

- Continuing work is needed to develop targeted messages and communications approaches to specific audience segments.
- Ongoing effort is is needed to emphasize environmental justice.
- The regulatory environment has driven Power Content Label adjustments and potential rate changes that are complex and may be difficult to explain to customers.

Opportunities:

- The VCEA Strategic Plan provides the opportunity to promote VCE as a trusted community resource.
- VCE's value proposition will be continually enhanced through the communication of technological advances and program innovations that create benefits for customers, such as new local renewable energy sources and local grid improvements, new battery storage resources, continuing electrification of the built environment, and consumer-focused energy conservation advice.

VCE COMMUNITY ADVISORY COMMITTEE
PROGRAMS TASK GROUP (PTG)
2021 ACTIVITIES REPORT

Task Group Members: Marsha Baird (co-chair), David Springer (co-chair)

Primary Staff Contact: Rebecca Boyles

2021 Charge: The CAC Programs Task Group will assist Staff with planning and implementation of Customer Programs that meet the VCE Mission and Strategic Plan. Specifically, the Task Group will:

(1) collaborate with Staff on 3-year programs plan and annual updates;
(2) advise on programs budget strategy for CY2021;
(3) review programs and financial mechanisms (such as rebates, incentives, PACE) and make recommendations of options, with special attention to VCE customer segments, such as agriculture and disadvantaged and underserved; and,
(4) provide updates at monthly CAC meetings on issues being reviewed by the task group.

Highlights of Accomplishments:

- Reviewed and provided feedback on VCE's 3-year Programs Plan. The Plan includes the goals from VCE's Strategic Plan and a system for prioritizing programs. The Plan was approved by the Board in June 2021 after incorporating input from the CAC.
- Assisted Staff with the development of new VCE programs:
    - Help Avoid Blackouts -- Implemented by Staff with partner OhmConnect. Task group provided input at monthly meetings.
    - Electric Vehicle Rebates – Researched EV rebate programs offered by CCAs and other organizations. Program Design Implementation Form will be reviewed by CAC and then taken to Board for approval with a goal of program implementation in early 2022.
- Brainstormed and discussed with Staff future programs such as Ag Demand Response partnership with Polaris and Dual Fuel Heat Pump Program.
- Continued promotion of news article titled "Flattening the Curve" which serves as an educational piece with ways customers can shift their electricity usage away from peak times.
- Assisted Staff with update of Energy Efficiency Program with 2021 rebate information.

Lessons Learned – Challenges and Opportunities

Challenges:

- Locating sources of funding for programs.
- Limited staff time to develop programs due to lean staffing and other marketing activities and priorities.

Opportunities

- Continue to learn from experiences of other CCAs on programs that have worked well for their customers.
- Research grants and other funding options.

Rate Options Task Group of the VCE CAC

2021 Report

Members

Lorenzo Kristov (chairman), Gerry Braun

Charge

Assist staff, consultants, and the Valley Clean Energy Board Subcommittee as requested, when existing or new rate options are being considered and evaluated.

Help staff evaluate the impact of current and potential rate options on VCE customer responses and other energy choices, including Environmental Justice considerations.

Specific Tasks

1. Conduct CAC Rate Options Task Group meetings and expand participation to other interested CAC members or external experts, as needed.
2. Review rate-related financial analysis conducted by staff and consultants and provide staff with input and feedback.
3. Review proposed staff recommendations regarding rate options, including Net Energy Metering, and provide input and feedback.
4. Inform CAC on rate options and analyses reviewed by the Task Group.

2021 Activities

The Task Group met at least nine times between March and October 2021 with VCE staff Mitch and Edward and VCE consultant Don Dame to understand and discuss VCE's current and evolving financial situation and consider new rate options to address financial concerns.

The March-July meetings were mainly focused on developing scope of work (SOW) details for consultant to evaluate benefits and impacts of adding a third rate option to VCE's offerings, at a lower rate and lower renewable energy content than VCE's existing offerings. The third option would be a "compliance" option whose renewable energy content would minimally comply with state requirements. Following discussion with the task group, VCE issued a task order to SMUD to perform the analysis and provide VCE with the model staff could use to perform additional analyses.

Starting in September the meetings turned to recent and near-term impacts of volatility in VCE's costs for energy and resource adequacy procurement and PCIA, and how those impacts might affect design and timing of introducing the new rate option. This effort remains work-in-progress as of the filing of this report.

2021 CARBON NEUTRAL TASK GROUP YEARLY SUMMARY

Members: Cynthia Rodriguez – Chair, Gerry Braun. Christine Shewmaker, Lorenzo Kristov

VCE Staff: Gordon Samuel

Charge: Assist staff and consultants in evaluating feasibility and creating a road map for both carbon-neutral and carbon-free-hour-by-hour power by 2030. Strategic plan reference goal 2 and 2.5.

Tasks

- Support VCE staff's timetable for performing and completing this effort
- Assist in input for and evaluation of model development
- Evaluate different types of power that can be included in model
- Consider impacts of plan on future IRP
-

EJ component – consider importance of some local resources because of impact on local jobs.

Strategic Plan Goals
Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfoli
o
Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.

- 2.5: Objective: Study and present options for achieving a 100% carbon neutral resource

Highlights of Accomplishments:

Assisted staff with

- Preparing and keeping to a timeline
- Formulating standard definitions of renewable electricity, carbon free electricity, carbon neutral and hour by hour.
- Preparing an RFO to engage a consultant to prepare 4 portfolios
- Presenting an overview of first six months of work to CAC

Brainstormed with staff on

- Sensitivities to load forecasts such as EV penetration, all electric home impact on load, climate, drought, etc.
- Next steps once we obtain the 4 example portfolios from our consultant (Energeia) - prepare summary of positives and negatives of each portfolio-present to CAC recommendation of which portfolio to use in order of best outcomes -outline time table of advancement of chosen portfolio

- What the ongoing role of a task group will/should be as relates to decarbonization, etc**.**

Lessons Learned – Challenges and Opportunities

Challenges:

- Creating an RFO to appeal to the largest number of bidding contractors in a suitable price range
- Prioritizing the contractor obligations to craft a plan to reach carbon requirements under law and policy
- Cost competitiveness/affordability of the hour by hour scenarios will most likely be a challenge

Opportunities

- Continue to learn from experiences of other CCAs and LSE on their approaches to carbon neutral and carbon free hour by hour.
- Contact and review other groups' systems and successes arriving at carbon limitations.
- Possible contractors brought information and depth of understanding of available systems
- Various long term storage technologies and approaches may present opportunities.

VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 11

TO: Community Advisory Committee

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and CAC 2021 Long Range Calendar

DATE: October 28, 2021

Please find attached the 2021 Board and Community Advisory Committee (CAC) Long Range Calendar listing upcoming meetings and proposed topics for discussion. Please make suggestions if there are topics you wish to add.

Attachment:

1. 2021 Board and CAC Long Range Calendar

VALLEY CLEAN ENERGY

2021 Meeting Dates and ***Proposed*** Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
~~January 14, 2021~~ Special Meeting January 21, 2021	**Board** ~~WOODLAND~~	• Oaths of Office for Board Members (Annual if new Members) • Approve Updated CAC Charge (Annual) • Approve 2021 Procurement Plan • Treasurer Function / Investment • GHG Free Attributes • Power Purchase Agreement • Arrearage Management Plan	• Action • Action • Action • Action • Action • Action • Action
January 28, 2021	**Advisory Committee** ~~WOODLAND~~	• Formation of 2021 Task Groups (Annual) • Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update • New Building Electrification • 2021 Marketing Outreach Plan • CA Community Power Agency Joint Powers Authority	• Discussion/Action • Informational • Informational • Informational/Discussion • Action: Recommendation to Board • Action: Recommendation to Board
February 11, 2021	**Board** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo • 2021 Marketing Outreach Plan • CA Community Power Agency Joint Powers Authority • Update on January 2021 Rates • Update on Time of Use (TOU) roll out	• Informational • Action • Discussion/Action • Informational • Informational
February 25, 2021	**Advisory Committee** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo • 2021 Task Groups – Tasks/Charge (Annual) • New Building Electrification • Legislative Bills • Update on Time of Use (TOU) roll out	• Informational • Discussion/Action • Discussion/Action • Discussion/Action • Informational

March 11, 2021	**Board** ~~WOODLAND~~	• New Building Electrification • Legislative Bills	• Discussion/Action • Action
March 25, 2021	**Advisory Committee** ~~WOODLAND~~	• Draft Programs Plan	• Discussion
April 8, 2021	**Board** ~~DAVIS~~	• Preliminary FY21/22 Operating Budget (Annual)	• Informational/Discussion
April 22, 2021	**Advisory Committee** ~~DAVIS~~	• 2021 and 2022 Power Content Update • Quarterly Strategic Plan update • SMUD 2030 Zero Carbon Plan - presentation • AB 992 (Social Media)/Brown Act - Best Best Krieger presentation • Update on SACOG Grant – Electrify Yolo	• Informational • Informational • Informational • Informational/Discussion • Informational
May 13, 2021	**Board** ~~WINTERS~~	• Update on FY21/22 draft Operating Budget • Update on SACOG Grant – Electrify Yolo • Amendments 22 and 23 to SMUD Agreement Task Order 2 • Execution of Letter Re: SMUD, Resource Adequacy to the Central Procurement District	• Informational • Informational • Action • Action
May 27, 2021	**Advisory Committee** ~~WOODLAND~~	• Power Planning 2022 / Renewable Content • Draft 3-Year Programs Plan	• Discussion/Action • Action: Recommendation to the Board
June 10, 2021	**Board** ~~DAVIS~~	• Approval of FY21/22 Operating Budget (Annual) • Extension of Waiver of Opt-Out Fees for one year (Annual) • Amendment 22 SMUD Agreement Task Order 2 • Draft 3-Year Programs Plan	• Action • Action • Action • Action
June 24, 2021	**Advisory Committee** ~~DAVIS~~	• Prioritizing types of energy (placeholder) • Net Energy Metering (NEM) 3.0 Update	• Discussion/Action • Informational
July 8, 2021	**Board** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee (Annual) (postponed to September meeting) • Net Energy Metering (NEM) 3.0 Update	• Action • Informational

July 22, 2021	**Advisory Committee** ~~WOODLAND~~	• Quarterly Power Procurement / Renewable Portfolio Standard update • Quarterly Strategic Plan update • Legislative Bills update • Rates Task Group report/update	• Informational • Informational • Informational • Informational
August 12, 2021	**Board** ~~DAVIS~~	**Currently, this meeting is cancelled. A special meeting will be scheduled if an urgent item needs to be addressed.**	
August 26, 2021	**Advisory Committee** ~~DAVIS~~	• Update on SACOG Grant – Electrify Yolo (consent) • Carbon Neutral Task Group report/update • Remote meeting update • CAC Structure discussion	• Informational • Informational • Informational • Discussion/Action
September 9, 2021	**Board** ~~WOODLAND~~	• Re/Appointment of Members to Community Advisory Committee (Annual) • Receive Enterprise Risk Management Report (Bi-annual) • Update on SACOG Grant – Electrify Yolo • FY21/22 Operating Budget / RPS update • Strategic Plan update (Carbon Neutrality) (placeholder) • Certification of Standard and UltraGreen Products (Annual)	• Action • Informational • Informational • Informational /Discussion • Informational • Action
September 23, 2021	**Advisory Committee** ~~WOODLAND~~	• Outreach Task Group report/update • Legislative End of Session Update • Update on FY2020/2021 Allocation of Net Margin (Consent) • FY21/22 Operating Budget // Draft Customer Rate/Policy Structure	• Informational • Informational • Informational • Discussion / Action
October 14, 2021	**Board** ~~WINTERS~~	• Draft Customer Rate/Policy Structure • Customer Dividend and Programs Allocation report (Consent) • CAC Restructuring and appointments	• Discussion/Action • Informational • Action
October 28, 2021	**Advisory Committee** ~~DAVIS~~	• Update on Power Content Label Customer Mailer (Consent) • Review Draft Committee Evaluation of Calendar Year End (Annual) • Community resiliency overview/introduction • Final Draft Customer Rate/Policy Structure	• Informational • Discussion • Informational • Action: Recommendation to the Board

Special Meeting: Wednesday, November 10, 2021	**Board** ~~WOODLAND~~	• FY20/21 Audited Financial Statements (James Marta & Co.) (Annual) • Final Draft Customer Rate/Policy Structure • Update on SACOG Grant – Electrify Yolo	• Action • Action • Informational
November 18, 2021 (3rd Thursday of the month due to Thanksgiving holiday)	**Advisory Committee** ~~WOODLAND~~	• Finalize Committee Evaluation of Calendar Year End (Annual) • Review draft revised Procurement Guide (Annual) • Quarterly Power Procurement / Renewable Portfolio Standard Update • Update on Customer Rate/Policy Structure • Update on SACOG Grant – Electrify Yolo • Quarterly Strategic Plan update	• Discussion/Action • Action: Recommendation to the Board • Informational • Informational • Informational • Informational
December 9, 2021	**Board** ~~DAVIS~~	• Approve revised Procurement Guide (Annual) • Approve 2022 Calendar Year Budget • FY21/22 Operating Budget / RPS update • Receive CAC 2021 Calendar Year End Report (Annual) • Election of Officers for 2022 (Annual)	• Action • Action • Informational • Receive • Nominations
December 16, 2021 (3rd Thursday of the month due to Christmas holiday)	**Advisory Committee** ~~DAVIS~~	• 2022 CAC Task Group(s) formation (Annual) • Election of Officers for 2022 (Annual) • Carbon Neutral Task Group report/update (placeholder) • CC Power long duration storage (placeholder)	• Discussion/Action • Nominations • Informational/Discussion • Action: Recommendation to the Board
January 13, 2022	**Board** ~~WOODLAND~~	• Oaths of Office for Board Members (Annual if new Members) • Update on Customer Rate/Policy Structure Implementation • CC Power long duration storage (placeholder)	• Action • Action • Action
January 27, 2022	**Advisory Committee** ~~WOODLAND~~	• Update on Customer Rate/Policy Structure Implementation • Quarterly Power Procurement / Renewable Portfolio Standard Update • Quarterly Strategic Plan update	• Informational • Informational • Informational

Note: CalCCA Virtual Annual Meeting Wednesday, 12/1/21 8:30 a.m. – 4:15 p.m.