



**VCE Community Advisory Committee Meeting – Thursday, February 22, 2024**

**Item 5 - Strategic Plan update**





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# Item 5 – Strategic Plan Update Guidelines: Overview

## Background & Overview

- VCE is a Mission driven organization
- The VCE Three-year Strategic Plan aligns organizational efforts with policy priorities.
  - Plan Adopted November 2020 for the years 2021 through 2023
  - Plan Extended in September 2023 for years 2024 and 2025
  - Plan is the basis for developing annual organization and individual goals, annual budgets, key decisions, and priorities.
- Significant progress has been made in each goal area.

# Item 5 – Strategic Plan Update : Guidelines and Timeline

## Strategic Plan Guidelines

VCE’s Strategic plan guidelines set out the process and timeline for Plan updates. The Guidelines included a proposed timeline for extending the 2021-23 plan through 2025 with a minor update as part of that process.

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

# Item 5 – Strategic Plan Update : Major Update in 2025

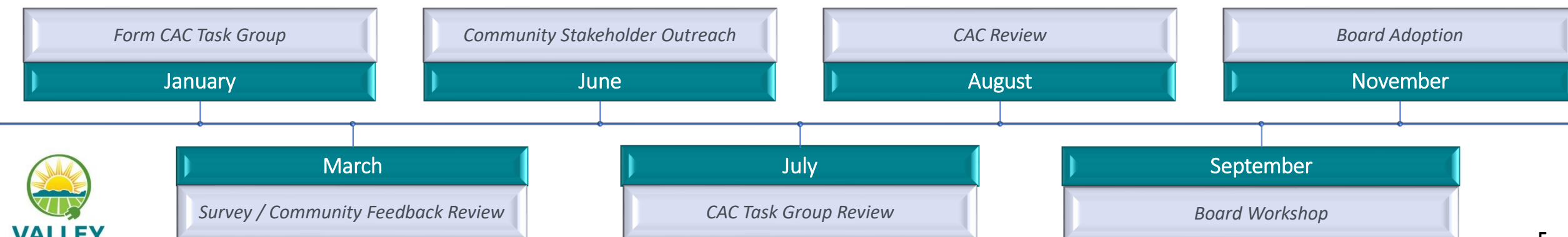
## Key Objectives of Strategic Plan Major Updates (2025)

Major Update – The purpose would be a more detailed review/update of the Plan, including a review of VCE’s Vision/Mission and existing goals and objectives. Major Plan updates would be comprehensive reviews incorporating workshops at various levels of the organization, including community stakeholder engagement. The baseline activities would incorporate those enumerated in the Minor Update.

Key activities in a Major Update would include:

- Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE (also listed as VCE Staff activity below)
- Review key organizational fundamentals (Mission, Vision, and Strategic Plan Goals)
- Long-term adjustments based on strategic and customer requirements

## Timeline of Strategic Plan Major Update



# Item 5 – Strategic Plan Update : Goals

## FINANCIAL STRENGTH



**Goal:** Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.

## PROCUREMENT & POWER SUPPLY



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

## CUSTOMERS & COMMUNITY



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

## DECARBONIZATION & GRID INNOVATION



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

## STATEWIDE ISSUES: REGULATORY & LEGISLATIVE AFFAIRS



**Goal:** Strongly advocate for public policies that support VCE's Vision/Mission.

## ORGANIZATION, WORKPLACE & TECHNOLOGY



**Goal:** Analyze and implement an optimal long-term organizational, management, and information technology structure at VCE.



# Financial Strength





# Item 5 – Strategic Plan Update: Goal 1 - Financial Strength

## Financial Strength

- Second year of net income post covid-19
- \$500K toward debt
  - Early retirement of Term Loan – Debt Free
- \$350K to Care/FERA discounts
- 90 Days Operating Cash
- Clean Financial Audit
- Reached \$3M for Programs with \$700K allocated to program reserve.
- Compliance with All Debt and Power Purchase Agreement covenants
- Implemented 3<sup>rd</sup> Customer Rate Option – Base Green





# Item 5 – Strategic Plan Update: Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation

## Procurement, Power Supply, Decarbonization, Grid Innovation





# Item 5 – Strategic Plan Update: Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation



**Totals Contracted For Since 2018:**

- 243 MW Renewables
- 128 MW BESS\*
- 7 MW Demand Response

## Power Resource Contracts

<p><b>1. Aquamarine Solar Facility</b> Kings County 50 MW PV-only (approx. 130,000 MWhs) <i>online now</i></p>	<p><b>7. Willy 9 Chap 2</b> (Formerly Willow Springs Solar 3) Kern County Solar PV + Storage Project 72 MW (PV)/36 MW BESS* (approx. 215,000+ MWhs) <i>anticipated online end of 2023</i></p>
<p><b>2. Putah Creek</b> Yolo County Solar PV + Storage Project 3 MW/3 MW BESS* (approx. 7,600 MWhs) <i>online now</i></p>	<p><b>8. Gibson</b> Yolo County Solar PV + Storage Project 13 MW/13 MW BESS** (approx. 50,000 MWhs) <i>anticipated online Q2 2025</i></p>
<p><b>3. Indian Valley Hydro</b> Lake County 2.9 MW small hydro (approx. 6,000 MWhs) <i>online now</i></p>	<p><b>9. Tumbleweed Long-Duration Battery Storage (8 hrs)</b> Kern County VCE Share 2.9 MW <i>anticipated online Q2 2026</i></p>
<p><b>4. Tierra Buena Battery Storage Facility (4 hrs)</b> Sutter County VCE Share is 2.5 MW <i>online now</i></p>	<p><b>10. Goal Line Long-Duration Battery Storage (8 hrs)</b> San Diego County VCE Share 2.25 MW <i>anticipated online Q2 2025</i></p>
<p><b>5. Aggregated Demand Response</b> Statewide Resources VCE share is 7 MW <i>online now</i></p>	<p><b>11. Fish Lake Geothermal</b> Esmeralda County, NV VCE Share 0.42 MW (approx. 3,460 MWhs) <i>anticipated online spring 2025</i></p>
<p><b>6. Resurgence Solar I</b> San Bernardino County Solar PV + Storage Project 90 MW (PV)/75 MW BESS* (approx. 250,000+ MWhs) <i>online now</i></p>	<p><b>12. Ormat Nevada Inc Portfolio</b> Geothermal – NV &amp; CA VCE Share 4.63 MW (approx. 35,380 MWhs) <i>anticipated online early 2026</i></p>

\*Battery Energy Storage System (4 hrs)  
\*\*Battery Energy Storage System (5 hrs)





# Item 5 – Strategic Plan Update: Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation

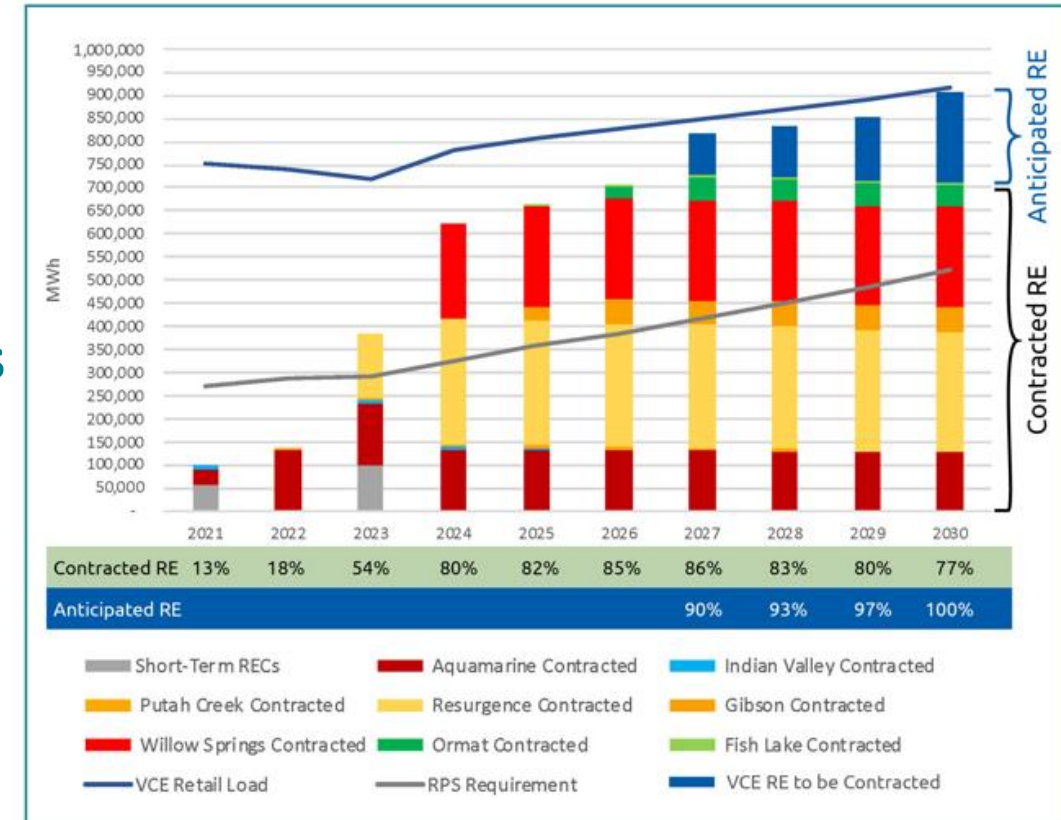
## Portfolio Highlights

- Established a new VCE target of **100% renewables** with a **25% local storage** component.
- Successful transition from SMUD to The Energy Authority (TEA) resulting in **cost savings, efficiencies** and **additional services**.
- Gibson project final permit approvals and pursuing **microgrid funding opportunities**



*Future Gibson Ranch Site*  
Photo: YvonneHunterPhotography.com

## ANNUAL RPS POSITION





# Item 5 – Strategic Plan Update: Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation



*Resurgence I & II. VCE's share is approx. 2/3<sup>rd</sup> of above photo.*

**Project size: 90 MW PV + 75MW BESS**  
**COD: BESS/PV –July/Aug 2023**

*Willy 9 Chap 2. Formerly Willow Springs Solar Project. CAISO requested revised naming convention. PV portion is complete and is in commercial operation. BESS is awaiting final approvals.*

**Project size: 72MW PV + 36MW BESS**  
**COD: PV delivering energy 1/1/24**



# Customers and Community





# Item 5 - Strategic Plan Update: Goal 3 – Customers and Community

## Outreach: Meeting Our Customers Where They Are



Events: 8 events; 10,000+ people reached (including media, in-person)



Media: 6 press releases, 8 press placements, 2 op-eds, 200 media contacts



Customer inquiries: rapid, tailored responses with emphasis on authenticity and engagement



Photos:  
YvonneHunterPhotography.com



## Outreach Spotlight: VCE's 5-Year Anniversary



Events: (4) Downtown Woodland Food Truck Mania, Downtown Winters Fourth Friday Festival, 5-Year Anniversary Event in Davis; 5-year anniversary event at Board meeting



Media: [Davis Enterprise](#)

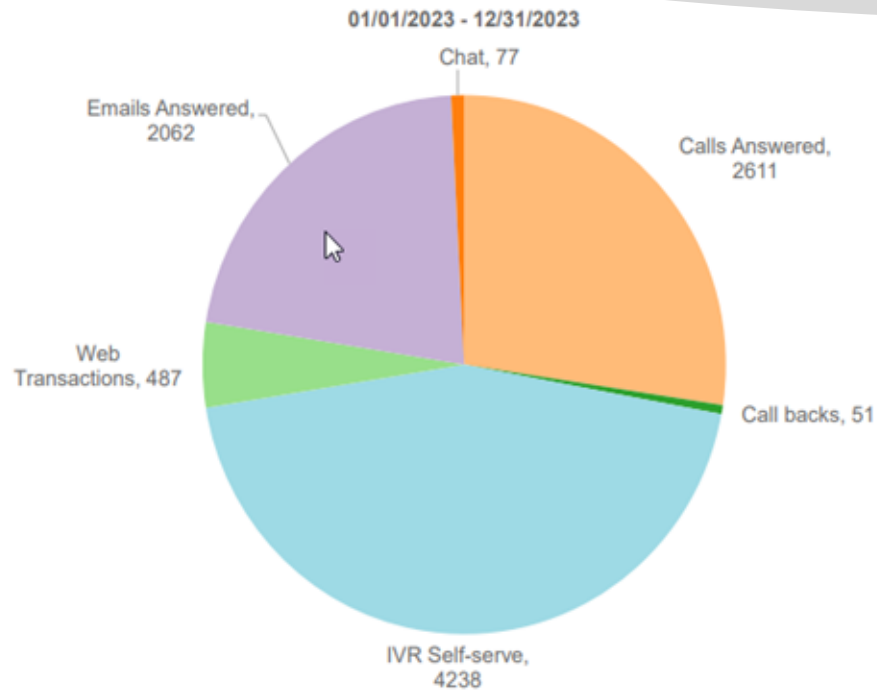


Impact: Exposure – 6000+ (including media, in-person), 60 EV experiences (including test drives)



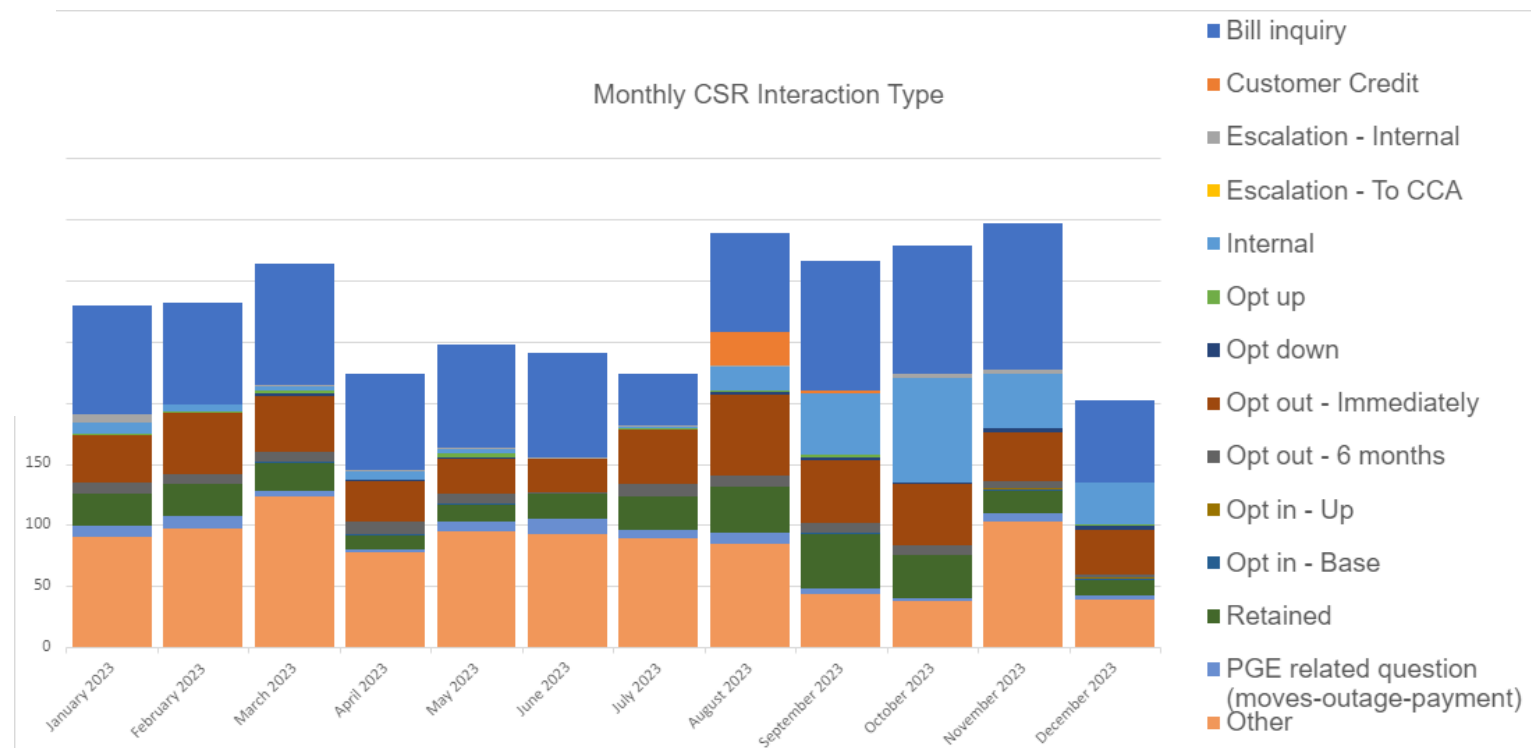
# Item 5 - Strategic Plan Update: Goal 3 – Customers and Community

## Customer Service Representative (CSR) Interactions



CSR Calls	27.4%
Emails	21.6%
IVR Self-serve	44.5%
Web Transactions	5.1%
Chat	0.8%
Call Backs	0.5%

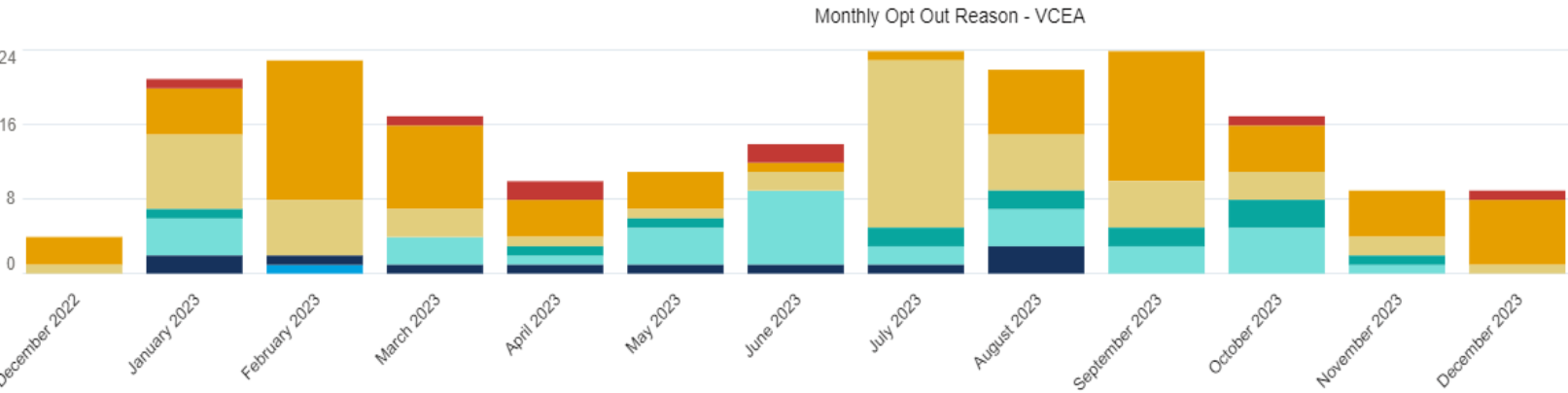
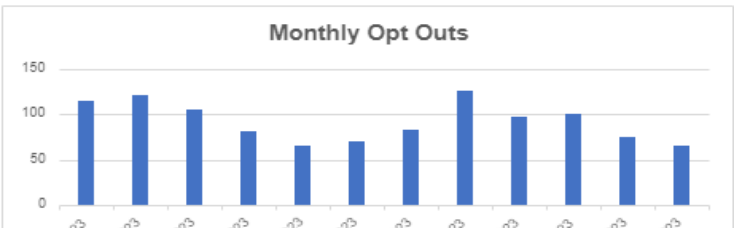
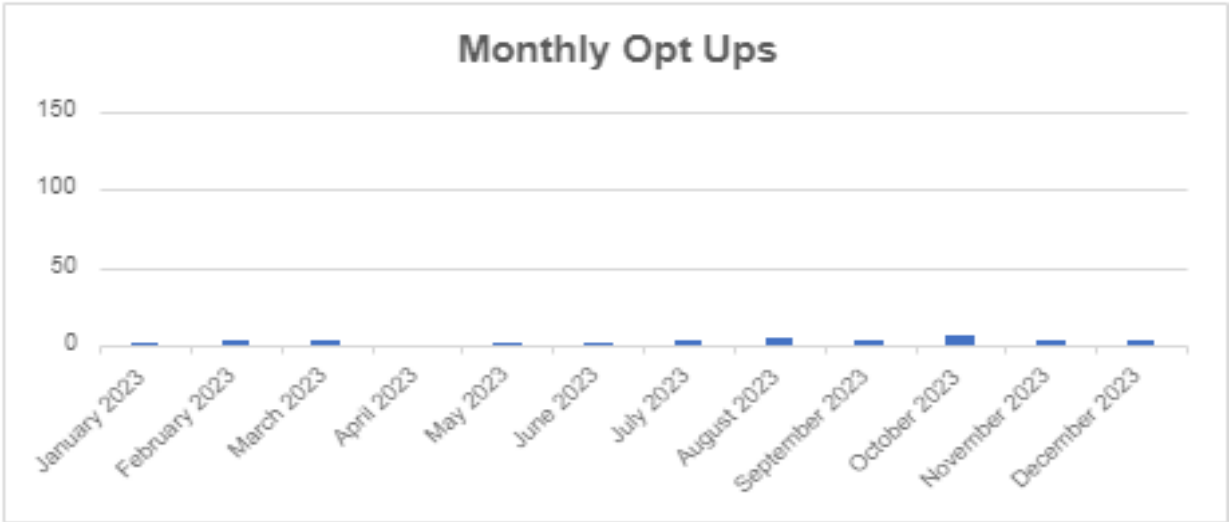
Metrics (January 2023 to December 2023)	
Abandon Rate %	2.36%
Average Speed of Answer (seconds)	8





# Item 5 - Strategic Plan Update: Goal 3 – Customers and Community

## Opt-outs & Opt-ups, 2023



- Reason for Opt-Out
- Concerns about Government-run Power Agency
  - Decline to Provide a Reason
  - Dislike being Automatically Enrolled
  - No Entry
  - Other
  - Rate/Cost concerns
  - Service/Billing Concerns

# Item 5 - Strategic Plan Update: Goal 3 – Customers and Community

## Website Analytics: Page Views & Engagement

Page title and screen class	↓ Views	Users	Views per user	Average engagement time
	77,379 100% of total	20,433 100% of total	3.79 Avg 0%	1m 33s Avg 0%
1 (not set) <i>(Likely VCE Home)</i>	13,680	862	15.87	4m 23s
2 Home - Valley Clean Energy	12,957	7,245	1.79	36s
3 VCE EV Rebates - Valley Clean Energy	3,036	1,823	1.67	1m 03s
4 Credits & Rebates - Valley Clean Energy	2,949	1,869	1.58	41s
5 Residential - Valley Clean Energy	2,308	1,504	1.53	30s
6 Board Meetings and Agendas - Valley Clean Energy	2,087	617	3.38	2m 02s
7 Opt out - Valley Clean Energy	1,466	1,009	1.45	43s
8 Understand your Bill - Valley Clean Energy	1,378	1,077	1.28	44s
9 RFPs / RFOs - Valley Clean Energy	1,243	600	2.07	22s
10 A Flexible Irrigation Pilot Program for Agriculture - Valley Clean Energy	1,231	708	1.74	35s

### Average Time Spent on Websites

Across Industries: 53 seconds  
(VCE: 1 minute 33 seconds)

### E-Commerce Pages:

44 seconds-1  
minute 22 seconds

Blog Posts: 2-5  
minutes



# Item 5 - Strategic Plan Update: Goal 3 – Customers and Community

## Program Highlights



### VCE Electric Vehicle Rebates – Stack your Savings!

39 rebates awarded total; 8 low-income

Total awarded \$109,500/\$32,000 low-income



SACOG-funded EV Chargers

EV charger photo: YvonneHunterPhotography.com





# Legislative and Regulatory





## Legislative and Regulatory



Actively participated in CalCCA’s Legislative Committee and Regulatory Committee

Engaged on high priority legislation of interest to VCE, including AB 1373, by working with CalCCA and other CCAs to seek amendments, testifying before Legislative Committees and arranging for VCE board members to lobby our legislators when needed.

Reduction in Power Charge Indifference Adjustment (PCIA) through joint CCA participation and testimony in Energy Resource Recovery Account (ERRA) Proceeding



Dynamic pricing – AgFIT launch and expansion CPUC proceeding.



*Photo:*  
*YvonneHunterPhotography.com*



# Organization, Workplace, and Technology





## Organization, Workplace, and Technology



Leadership among CCAs



Award-Winning  
Programs



5 Years of Serving Our  
Member Communities

### Community Impact



**378** MW

Increased clean energy capacity  
since 2018



**\$1.5** M

VCE customer savings since 2018



**\$7** M

Dollars allocated to community  
reinvestment programs





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## VCE Community Advisory Committee Meeting – Thursday, February 22, 2024

Item 6 – Electrification Retrofit Rebate Outreach Program (ERRO) Update, and Concierge Service Discussion and Action





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## ERRO Program: Background

- Scope, scale, timeline:
  - Connect low-income households with existing rebates for EE & Electrification
  - \$100,000 budget from ARP funds
  - 2022-2024, likely extension into 2025
- Contracting completed; Draft Outreach Plan being finalized
- Next step: outreach begins Q2 2024
- Key challenges: hard-to-reach demographic; rebate landscape frequently changes; staff bandwidth





## ERRO Program: **Implementation**

- Tools to facilitate smooth roll-out:
  - Existing database of available rebates
  - Yolo County helping with implementation
  - Budget deadline does not limit implementation time
  - Proposal from REACH Strategies for assistance under evaluation
  - Concierge Service Proposal

## Concierge Service: Customer-oriented Suite of Services

- Provided by SMUD
  - First roll-out: SVCE
- Supports a range of inquiries, from in-depth support to FAQs
- Seamless transition to billing, general CCA inquiries
  - Better customer service and satisfaction (Strategic Plan goal)
- Tracking info provided in customer account record
  - Future programs marketing
- Budget: ~15% of available funds (w/contingency included)







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## VCE Community Advisory Committee Meeting – Thursday, February 22, 2024



Item 7 – Resource Adequacy “Slice-of-Day” framework presentation



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# RESOURCE ADEQUACY SLICE OF DAY TRAINING

THE ENERGY AUTHORITY

FEBRUARY 22<sup>ND</sup>, 2024

# AGENDA

- RA Refresher
- How Did We Arrive at SOD?
- Changes to the RA Paradigm under SOD





# WHAT IS RESOURCE ADEQUACY AND WHY DOES IT EXIST?

- **Capacity Products, boiled down:** a regulatory construct developed to ensure the region has sufficient resources available to serve electric demand under all but the most extreme conditions
- **Resource Adequacy in California:**
  - After the California Energy Crisis in 2001, the State Legislature enacted Section 380 of the Public Utility Code instructing the **CPUC, in cooperation with the CAISO**, to develop the RA program to *“maintain physical generating capacity and electrical demand response adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves”*
  - Bilaterally-structured program, unlike all other organized markets that have a capacity product
    - Load Serving Entities, such as VCE, must purchase RA directly from suppliers/developers to meet their compliance obligation
  - This origin story and structure explain most of the *insanity* of the RA market in California

# TRADITIONAL RESOURCE ADEQUACY PRODUCTS

## System RA

- **Goal:** CAISO has enough resources to meet monthly system peak
- **Supply:** Any generator in the CAISO footprint, and out-of-state resources that have transmission rights to flow into CAISO

est. 2004

Changing  
Under  
SOD

## Local RA

- **Goal:** CAISO has enough resources in local load pockets to maintain grid reliability amid transmission constraints
- **Supply:** Any System RA resource located in the area of need on transmission system

est. 2007

## Flexible RA

- **Goal:** CAISO has enough dispatchable & ramping resources committed as RA to meet load as it changes throughout the day
- **Supply:** Separate attribute that some generators in CAISO have; providing Flex RA brings additional bidding & operational obligations in the CAISO market

est. 2015



# TRADITIONAL RA REQUIREMENTS AND QUALIFYING CAPACITY

## LSE's RA Compliance Requirement:

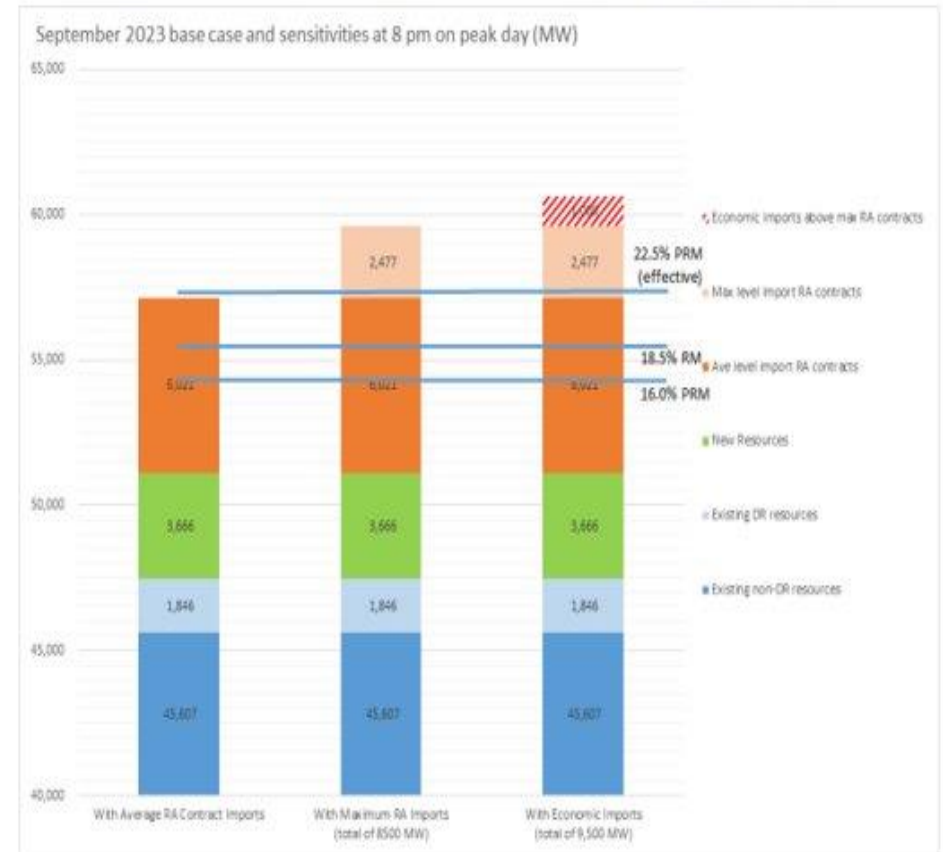
- Set by the CEC (blessed by CPUC & CAISO)
- Based on each LSE's *fair share* of how it contributes to the 1-in-2 hourly peak load forecasted for each month, plus a planning reserve margin (currently set at 17%)
- 12 compliance requirements per year (one for each month)

## Resource's Qualifying Capacity:

- Set by the CPUC (blessed by CAISO)
- Based on how much a resource can contribute to a loss-of-load event
  - Thermal: maximum output (PMax)
  - Solar & Wind: probabilistic generation during likely outage events (ELCC)
  - Battery Storage: maximum output with small reduction for potential of not being charged

Varies monthly

**Figure 4: Stack analysis for September 2023**  
(PRM levels based on CEC 1-in-2 load forecast plus planning reserve margin)



Existing non-DR resources include all resources that reached commercial operation by January 1, 2023. New resources are those that came online or are scheduled to come online since January 1, 2023.

# ISSUES WITH THE TRADITIONAL RA PROGRAM

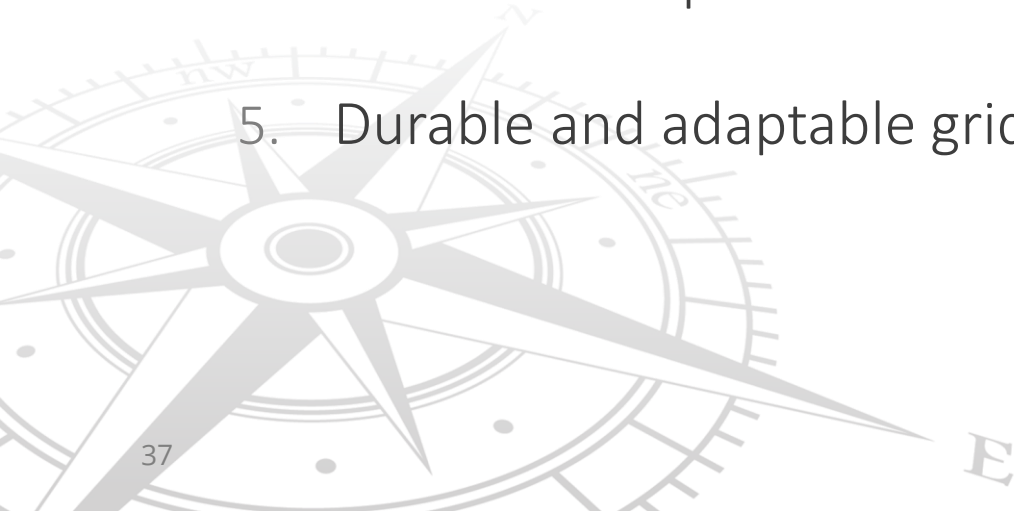
2006 Landscape	2024 Landscape
3 IOUs serving vast majority of load	3 IOUs, 25+ CCAs, 10+ ESPs
Limited renewables and few use-limited generation	New generation is variable solar & wind and use-limited DR & battery storage
Plenty of hydro, nuke, and gas-fired generation in WECC	Drought/warming conditions reducing hydro plus on-going nuke & gas-fired retirements
Medium to long-term tolling contracts with gas-fired generation for capacity	Medium to short-term RA-only contracting for capacity

- RA program has been showing the cracks in its structure since ~2015, resulting in a Band-Aid in 2016/2017 of Flex RA
- Each year brings new policy decisions, resulting in a web of new rule minutiae. Provides RA policy wonks & procurement teams job security, but questionable improvement to system reliability
- **Time to Wipe the Slate Clean???**

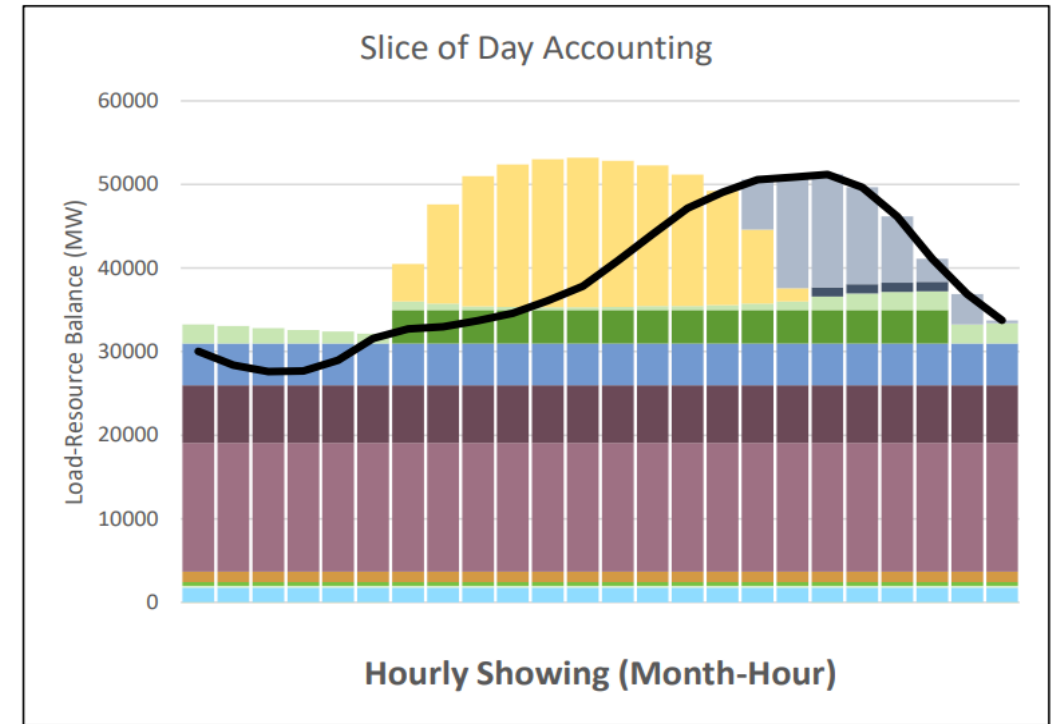
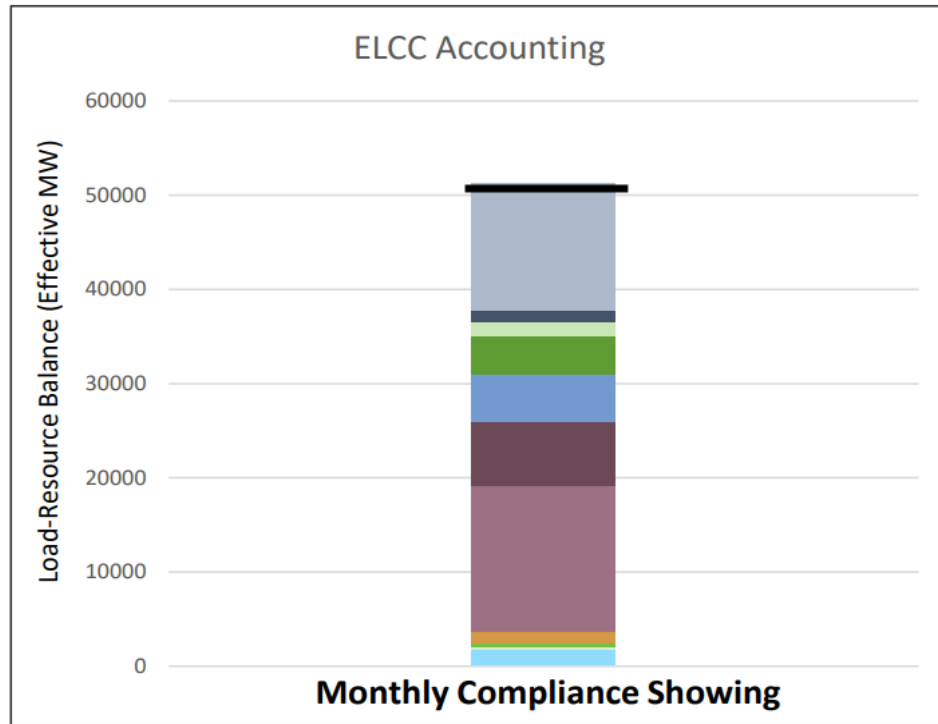


# CPUC'S GOALS IN RESTRUCTURING OF RA D.21-07-014

1. Balance ensuring a reliable grid while minimizing customer costs ← ahem
2. Balance hourly energy sufficiency with CA environmental goals
3. Balance granularity & precision of meeting hourly RA needs with reasonable simplicity for users ← Oh dear.
4. Near-term implementation (2024) Missed compliance implementation by a year
5. Durable and adaptable grid



# MOVING TO A SLICE-OF-DAY PARADIGM FOR RA



- LSE's monthly showing must meet compliance in all 24 hourly "slices", based on their "worst day" load that month =  $12 * 24 = 288$  LSE compliance requirements per year
- Each resource gets an hourly qualifying capacity based on its expected generation during that hourly slice in that particular month =  $12 * 24 = 288$  capacity values per resource

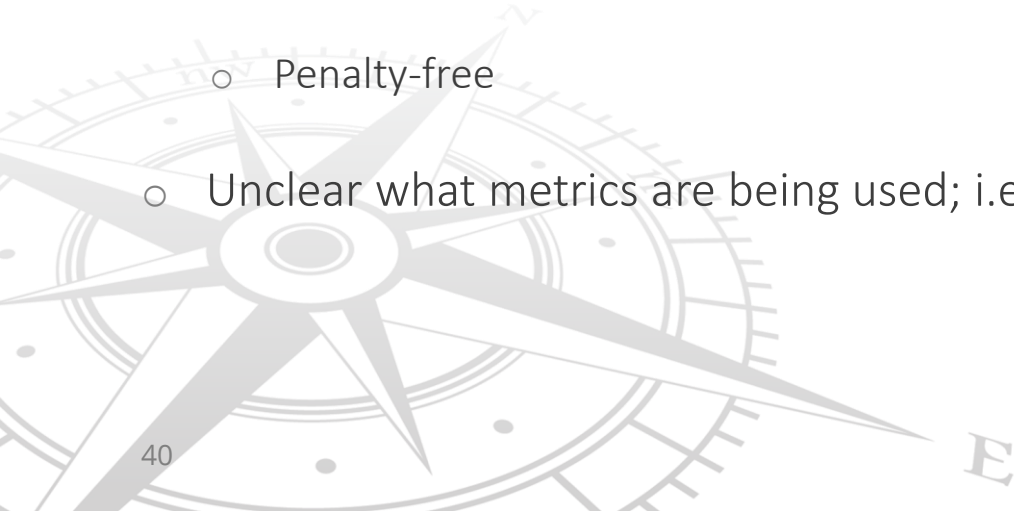


# ADDITIONAL SLICE OF DAY DETAILS

- LSE Requirements:
  - Significant uncertainty on how planning reserve margin should now be set (moved from ~6% to ~15% two weeks before 2024 Annual Filing for the Test Year)
  - Unlimited counting of use-limited resources now, but use-limitations must show up under resource counting
    - Demand response exception – this is still limited for each LSE to about 8% of its portfolio
- Resource Counting:
  - Resource can only be sold as slice percentages of its total RA availability in all 24 slices, but hourly disaggregation of resources is prohibited
    - For example, VCE can purchase 40% of a 100 MW solar facility's RA capacity in July, but could not just purchase the morning hours of a solar facility's RA capacity
  - Storage generation can be used flexibly within the 24 slices, but an LSE must procure excess capacity to offset storage charging need
- **Bottom Line:** significantly more complexity and each LSE is more of an “island”/must provide RA exactly for its own contributed load

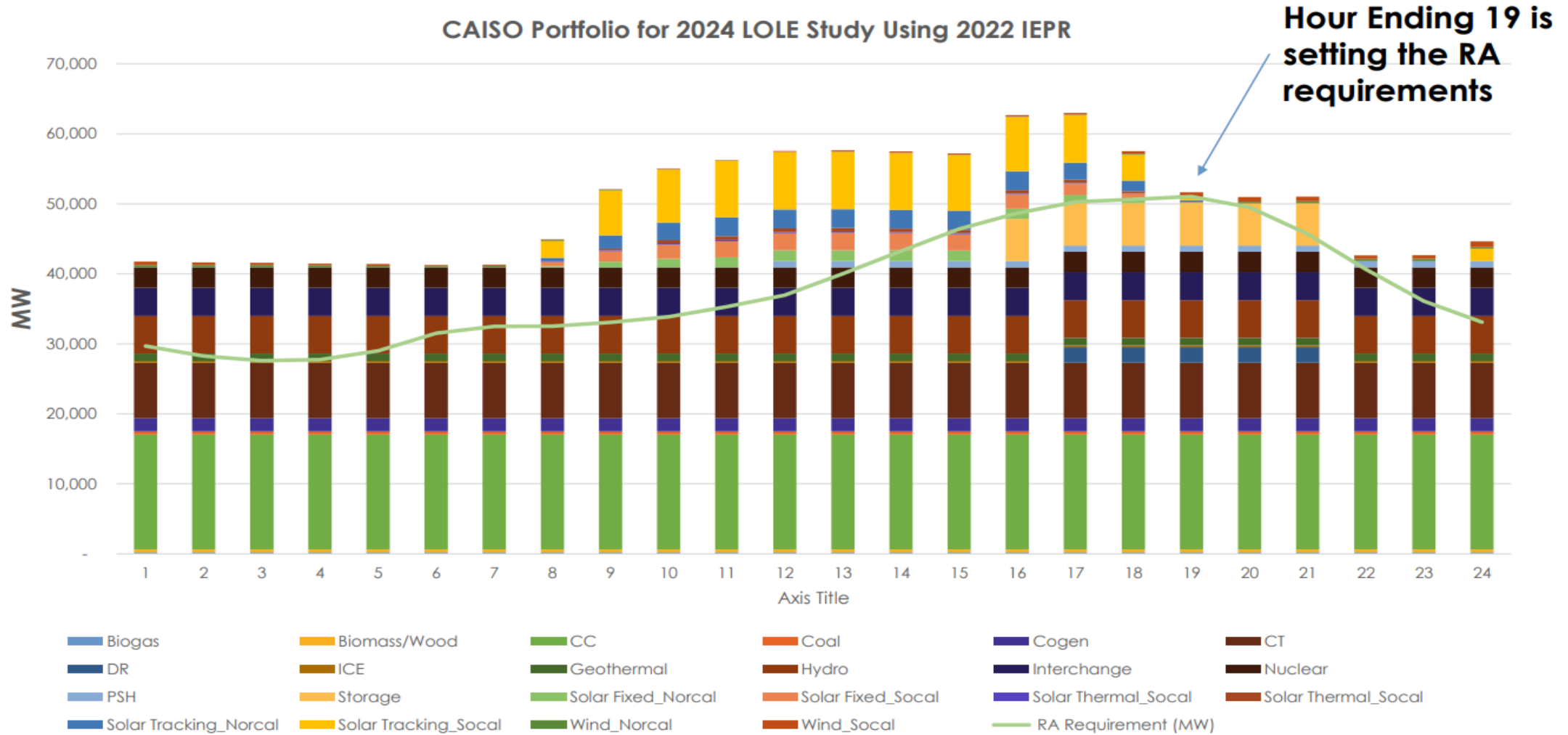
# SLICE OF DAY 2024 TEST YEAR

- Goals of the Test Year:
  - To test the showing and compliance tools and the adopted SOD rules and adjust as appropriate
  - For LSEs to adapt their procurement methods & portfolios to align with SOD rules before full implementation in 2025
- Showing Requirements:
  - Year-Ahead showing was due November 30<sup>th</sup>, 2023
  - Month-Ahead showings for March, June, and July due on first of each month
  - Penalty-free
  - Unclear what metrics are being used; i.e. what does success or failure look like?

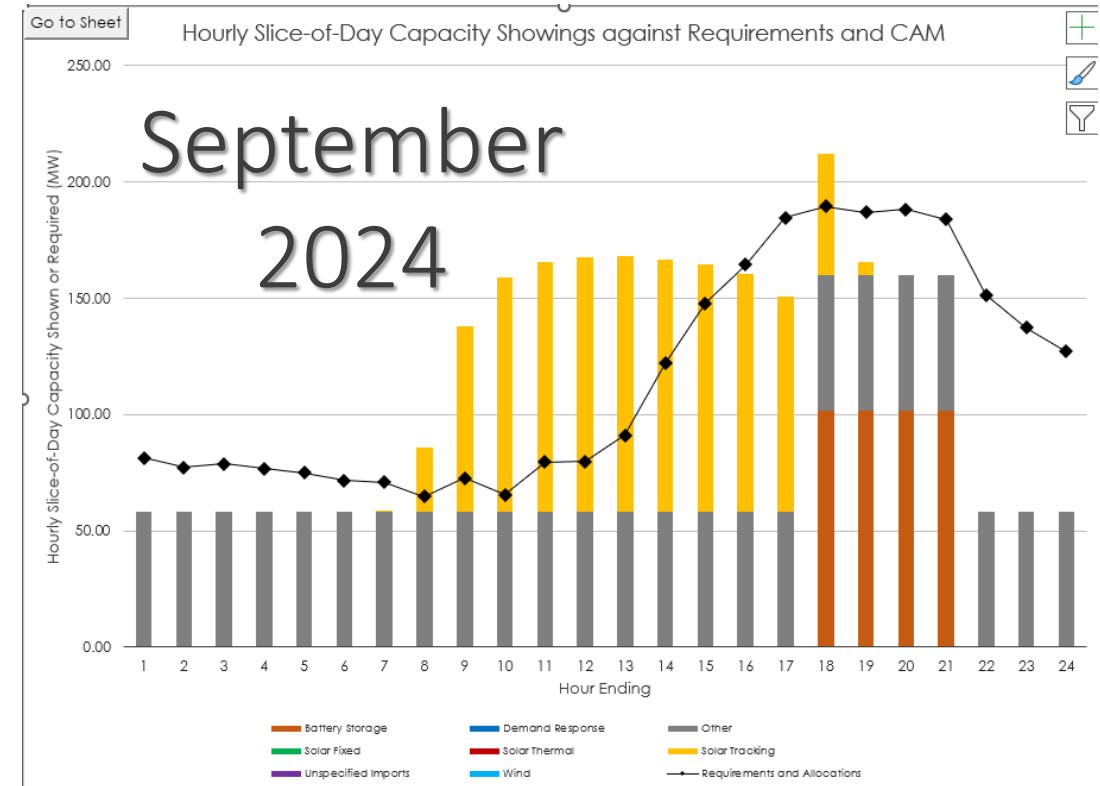
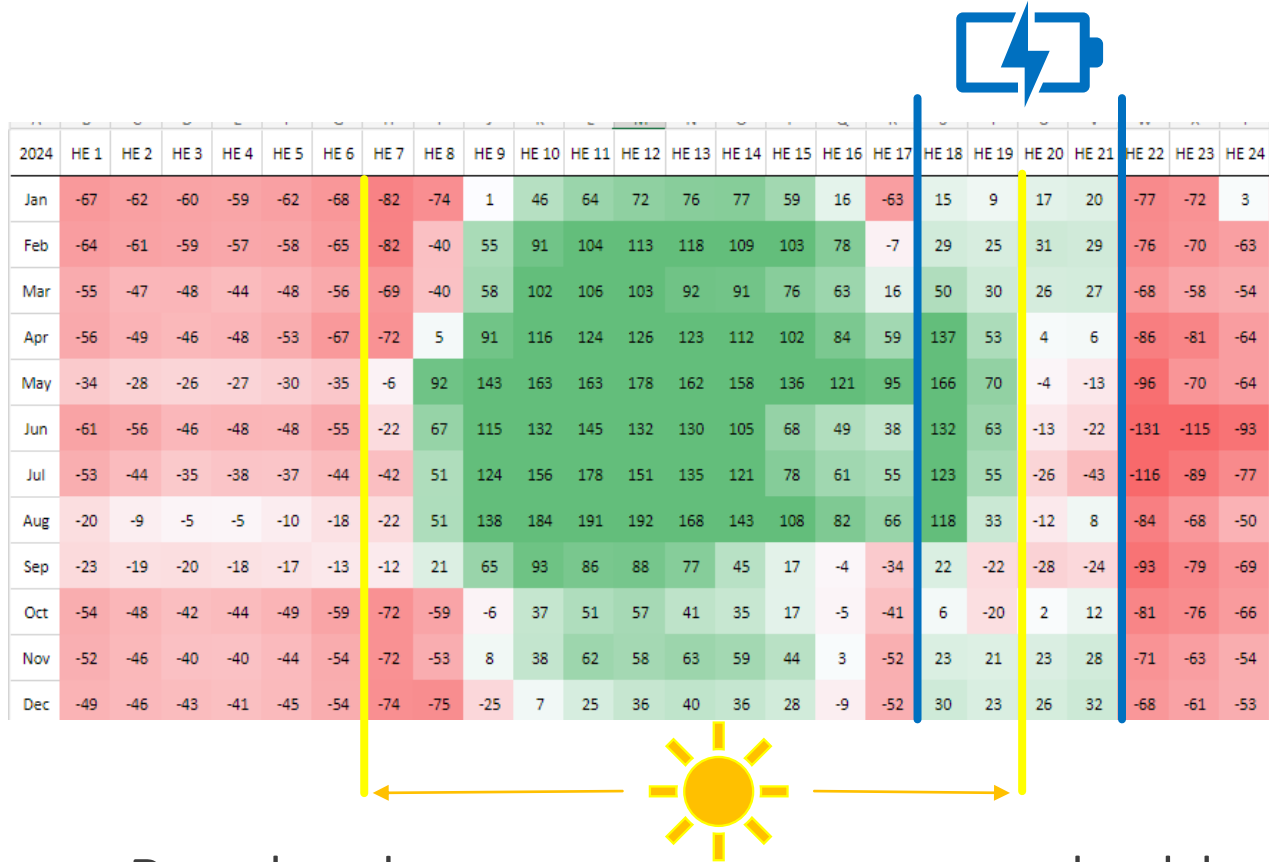




# SLICE OF DAY SYSTEM VIEW - SEPTEMBER 2024



# VCE'S 2024 TEST YEAR POSITION



- Baseload resources are most valuable (hydro and geothermal, grey in chart) and wind useful to the existing solar profile in VCE's portfolio
- Additional storage useful to shift mid-day solar generation to evening hours