



**Valley Clean Energy Community Advisory
Committee Meeting – Thursday, April 25, 2019**
VCE Administrative Offices, 604 2nd Street, Davis, CA

Item 8 – Re-assessment of enrollment of NEM Customers

Assumptions: NEM Roll-in Jan 2021

	PG&E Rates	PCIA Exit Fee
2019	↑5.68%	↑4.70%
2020	↓3.00%	↑20.00%
2021	0.00%	0.00%

Wholesale Power	NP-15 03/05/19
Rate Disc (entry on Ann Summ sht)	0.00%
Resource Portfolio	E-Alt
PG&E Scenario	ERRA/-3/0
PCIA Scenario	ERRA/20%/0

Roll- In 2021

	DRAFT VCEA Pro Forma				
	7/17-6/18	7/18-6/19	7/19-6/20	7/20-6/21	7/21-6/22
	2018	2019	2020	2021	2022
Accounts	54,099	54,267	54,670	58,268	61,889
Retail Load (MWh)	34,882	699,314	686,935	686,702	707,702
(Thousands of Dollars)					
Revenue (net uncollectible)	\$ 3,311	\$ 51,375	\$ 52,191	\$ 48,566	\$ 49,914
Power Costs	\$ 2,307	\$ 39,566	\$ 40,531	\$ 41,717	\$ 43,909
Gross Margin	\$ 1,005	\$ 11,809	\$ 11,660	\$ 6,850	\$ 6,005
Operating Costs	\$ 2,143	\$ 3,860	\$ 4,374	\$ 4,469	\$ 4,712
Operating Income	\$ [1,139]	\$ 7,949	\$ 7,286	\$ 2,380	\$ 1,293
Interest Income [Expense]	\$ (33)	\$ [147]	\$ [69]	\$ [39]	\$ [17]
Net Income	\$ [1,172]	\$ 7,802	\$ 7,217	\$ 2,341	\$ 1,276
DSCR (1.25:1)			25.74	5.11	2.88
Gross Margin	30.3%	23.0%	22.3%	14.1%	12.0%
Net Income (after principal repayments)	\$ (1,172)	\$ 6,630	\$ 7,019	\$ 1,946	\$ 880
Net Margin (after principal repayments) %	-35.40%	12.90%	13.45%	4.01%	1.76%
Net Margin		15.2%	13.8%	4.8%	2.6%
Minimum Net Income (5% Net Margin)		\$ 2,569	\$ 2,610	\$ 2,428	\$ 2,496



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2021	0.00%	0.00%

Wholesale Power	NP-15 3/5/19
Rate Disc (entry on Ann Summ sht)	0.00%
Resource Portfolio	E-Alt
PG&E Scenario	ERRA/-3/0
PCIA Scenario	ERRA/20%/0

Roll- In 2020

	DRAFT VCEA Pro Forma					
	7/17-6/18	7/18-6/19	7/19-6/20	7/20-6/21	7/21-6/22	
	2018	2019	2020	2021	2022	
Accounts	-	54,099	54,267	57,861	61,479	61,889
Retail Load (MWh)	-	34,882	699,314	690,231	710,528	718,162
(Thousands of Dollars)						
Revenue (net uncollectible)	\$ -	\$ 3,311	\$ 51,375	\$ 52,281	\$ 50,240	\$ 51,390
Power Costs	\$ -	\$ 2,305	\$ 39,566	\$ 40,840	\$ 43,798	\$ 45,005
Gross Margin	\$ -	\$ 1,006	\$ 11,809	\$ 11,441	\$ 6,442	\$ 6,385
Operating Costs	\$ -	\$ 2,143	\$ 3,860	\$ 4,426	\$ 4,627	\$ 4,737
Operating Income	\$ -	\$ [1,137]	\$ 7,949	\$ 7,015	\$ 1,815	\$ 1,647
Interest Income [Expense]	\$ -	\$ (33)	\$ [147]	\$ [41]	\$ [2]	\$ 22
Net Income	\$ -	\$ [1,170]	\$ 7,802	\$ 6,973	\$ 1,813	\$ 1,670
DSCR (1.25:1)			24.79	3.90	3.67	
Gross Margin		30.4%	23.0%	21.9%	12.8%	12.4%
Net Income (after principal repayments)	\$	(1,170)	\$ 6,632	\$ 6,776	\$ 1,418	\$ 1,274
Net Margin (after principal repayments)	%	-35.34%	12.91%	12.96%	2.82%	2.48%
Net Margin			15.2%	13.3%	3.6%	3.2%
Minimum Net Income (5% Net Margin)	\$		\$ 2,569	\$ 2,614	\$ 2,512	\$ 2,569



Item 8 – Advice Letter on ERRA 2019 - Timeline

Timeline and Effective date:

- Deadline for protests is May 9, 2019
- Approved by June 1, 2019 for rate changes to be effective July 1, 2019
- If not approved by June 1, 2019, earliest effective date of rate changes is September 1, 2019

Item 8 - Additional Considerations

- **Resource Adequacy Requirements**

Resource Adequacy (RA) – To ensure load-serving entities have enough power contracted to meet peak demand, the CPUC requires CCAs to make annual and monthly filings demonstrating they have procured specified percentages of capacity commitments. There are separate requirements for system, local, and flexible RA. The RA program is established in PU Code § 380.

- **GHG Emission Reductions**

Item 9 –Dividend Program Guidelines

- Match PG&E electric generation rates less PCIA exit fee
- Require a minimum 5% net margin (less principal payments) before any dividends are paid to VCE customers
- Annually based on the audited financial statements:
 - Calculate the Net margin less principal debt payments
 - If Net margin $< 5\%$ - no customer dividends and Board determine allocation of net margin to Cash reserves and Local Program reserves
 - If Net margin $> 5\%$ - Board determine allocation of any surplus (over 5%) to Cash reserves, Local Program reserves and Customer Dividends

Item 9 –Dividend Program Guidelines

- Guidelines of Allocation of Net Margin
 - Net Margin \leq 5%
 - Up to 95% to Cash Reserves (Until 90-days of cash reserves met)
 - At least 5% to Local Program Reserves
 - Net Margin $>$ 5%
 - Follow guidelines for Net Margin up to 5%
 - Net margin in excess of 5%:
 - At least 50% to Cash Reserves (Until 90-days cash reserves met)
 - Remaining excess split 50%/50% between Cash Dividends and Local Programs Reserve

Item 9 –Dividend Program Guidelines

- Board approves allocation of Net Margin on or around the September Board meeting
- Any surplus allocation to customer dividends will appear as bill credits or the customer may have the option to apply their dividend to the Local Program Reserve
- Customer dividends will appear as bill credits as follows:
 - Residential customers – annually in October bill
 - Non-residential customers – bi-annually in October and April bills