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**VCE Community Advisory Committee Meeting –  
May 27, 2021 via video/teleconference**

**Item 7 – Power Content Policy Strategies**



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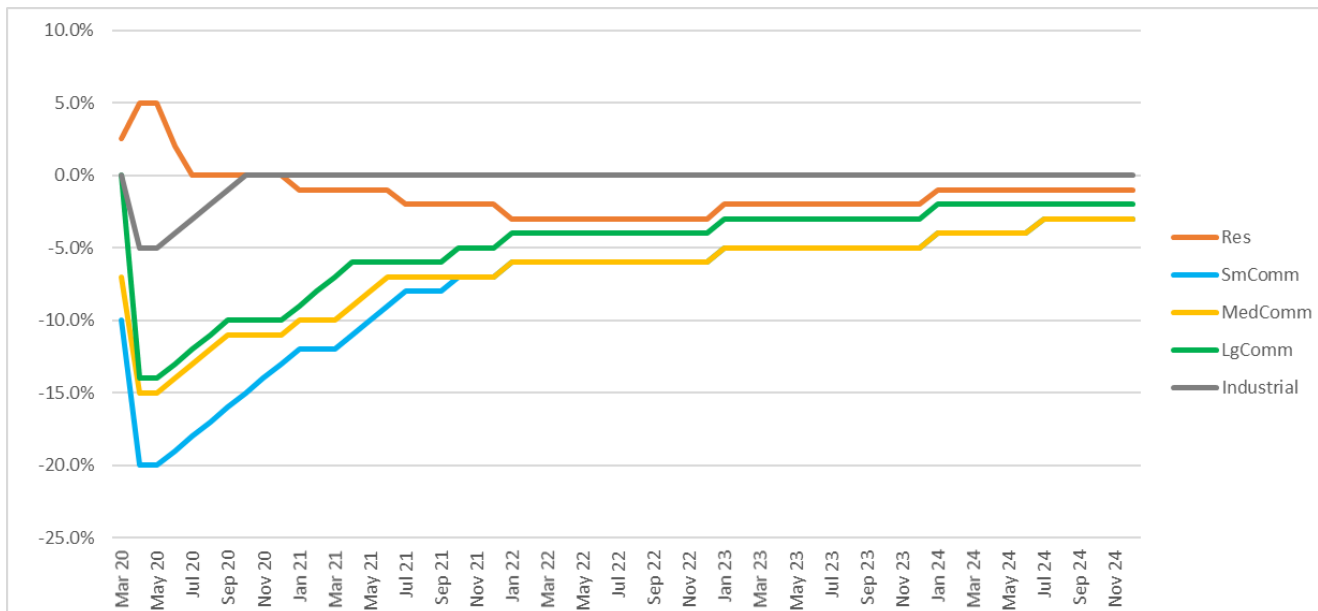
# Item 7 – Power Content Policy Strategy: Presentation Overview

## Presentation Overview

- COVID Implications
- Budget Overview
- Power Content Strategies

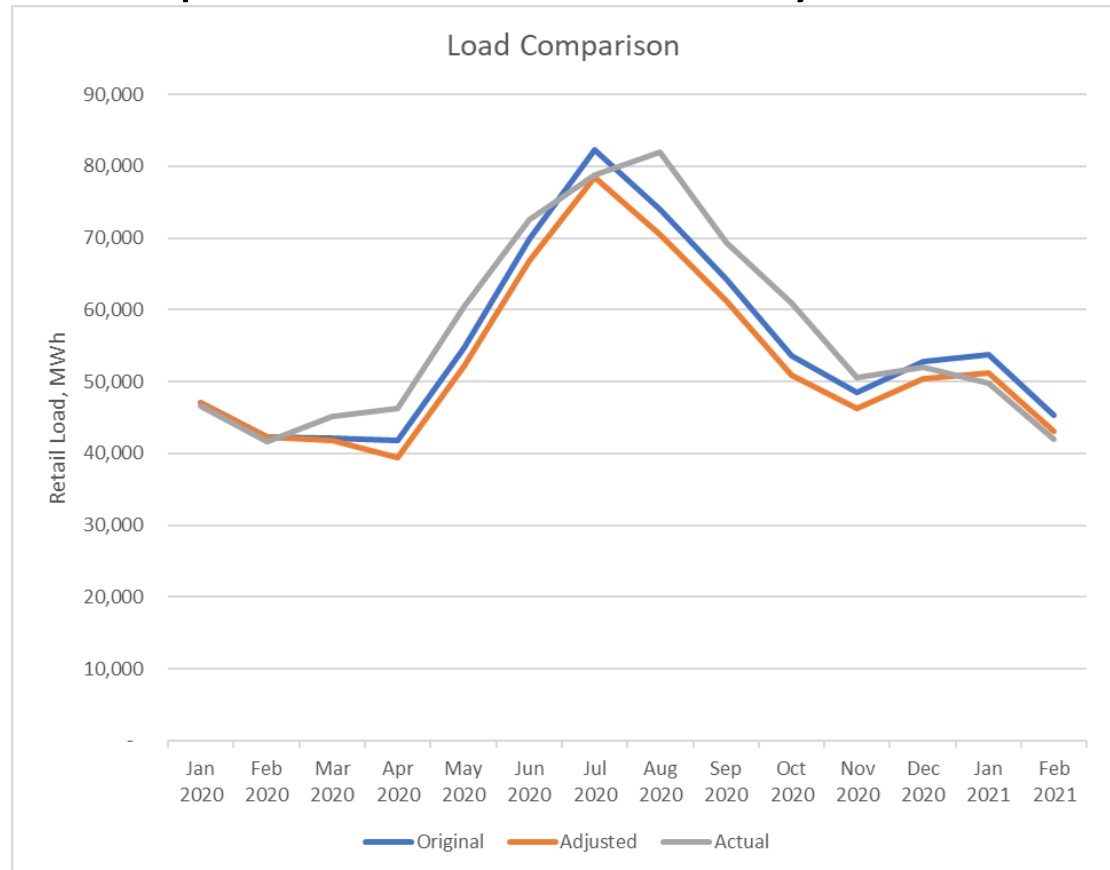
# Item 7 – Power Content Policy Strategy: Original COVID Assumptions – May 2020

- The COVID adjustment reduced CY 2020 load by 3.8% from the original baseline
- Some load recovery during staggered reopening in fall 2020
- Ongoing recessionary impact through 2023-24
- Residential loads drop 2% per year for two years, in line with 2008 recession
- No change to Ag load



# Item 7 – Power Content Policy Strategy: Actual COVID Impact and Updated Assumptions

- Summer 2020 was very hot, driving residential load significantly higher than expected
- October load was highest deviation from baseline
- Winter load was lower than expected due to warm, dry weather
- CY 2020 load came in 5% higher than the original baseline
- Current load forecast carries forward residential increase and commercial decrease through CY 2022



# Item 7 – Power Content Policy Strategy: Background

- June 2020 Board adopted a 2021 policy for a power content target of 10% renewable, 10% large hydro for a combined 20% carbon free
- Policy addressed:
  - Aligning VCE's short and long-term power procurement efforts
  - The increasing/unpredictable PCIA
  - Volatility in RA power pricing
- Policy adjustments saved an estimated \$2.25M in the current fiscal year (FY 2020-2021)

# Item 7 – Power Content Policy Strategy: Draft Operating Budget –The Financial Picture

VALLEY CLEAN ENERGY DRAFT OPERATING BUDGET SUMMARY UPDATE			
VALLEY CLEAN ENERGY DRAFT OPERATING BUDGET SUMMARY	APPROVED BUDGET FY 2020-21	ACTUAL YTD March 31 (9 MO) + FORECAST (3 MO) FY 2020-21	DRAFT BUDGET UPDATE FY 2021-2022
Energy - Megawatt Hours	717,987	753,546	773,652
<b>OPERATING REVENUE</b>	<b>\$ 49,638</b>	<b>\$ 54,926</b>	<b>\$ 49,218</b>
<b>OPERATING EXPENSES:</b>			
Cost of Electricity	47,670	51,740	51,540
Contract Services	2,723	2,594	2,559
Outreach & Marketing	241	224	241
Programs	12	2	135
Staffing	1,132	1,135	1,164
General, Administration and other	772	544	742
<b>TOTAL OPERATING EXPENSES</b>	<b>52,550</b>	<b>56,238</b>	<b>56,382</b>
<b>TOTAL OPERATING INCOME</b>	<b>(2,912)</b>	<b>(1,313)</b>	<b>(7,164)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	135	80	56
Interest expense	(57)	(52)	(42)
<b>TOTAL NONOPERATING REV/(EXPENSES)</b>	<b>78</b>	<b>28</b>	<b>15</b>
<b>NET MARGIN</b>	<b>\$ (2,834)</b>	<b>\$ (1,284)</b>	<b>\$ (7,149)</b>
<b>NET MARGIN %</b>	<b>-5.7%</b>	<b>-2.3%</b>	<b>-14.5%</b>



# Item 7 - Power Content Policy Strategy: FY 21/22 Draft Operating Budget Conclusions

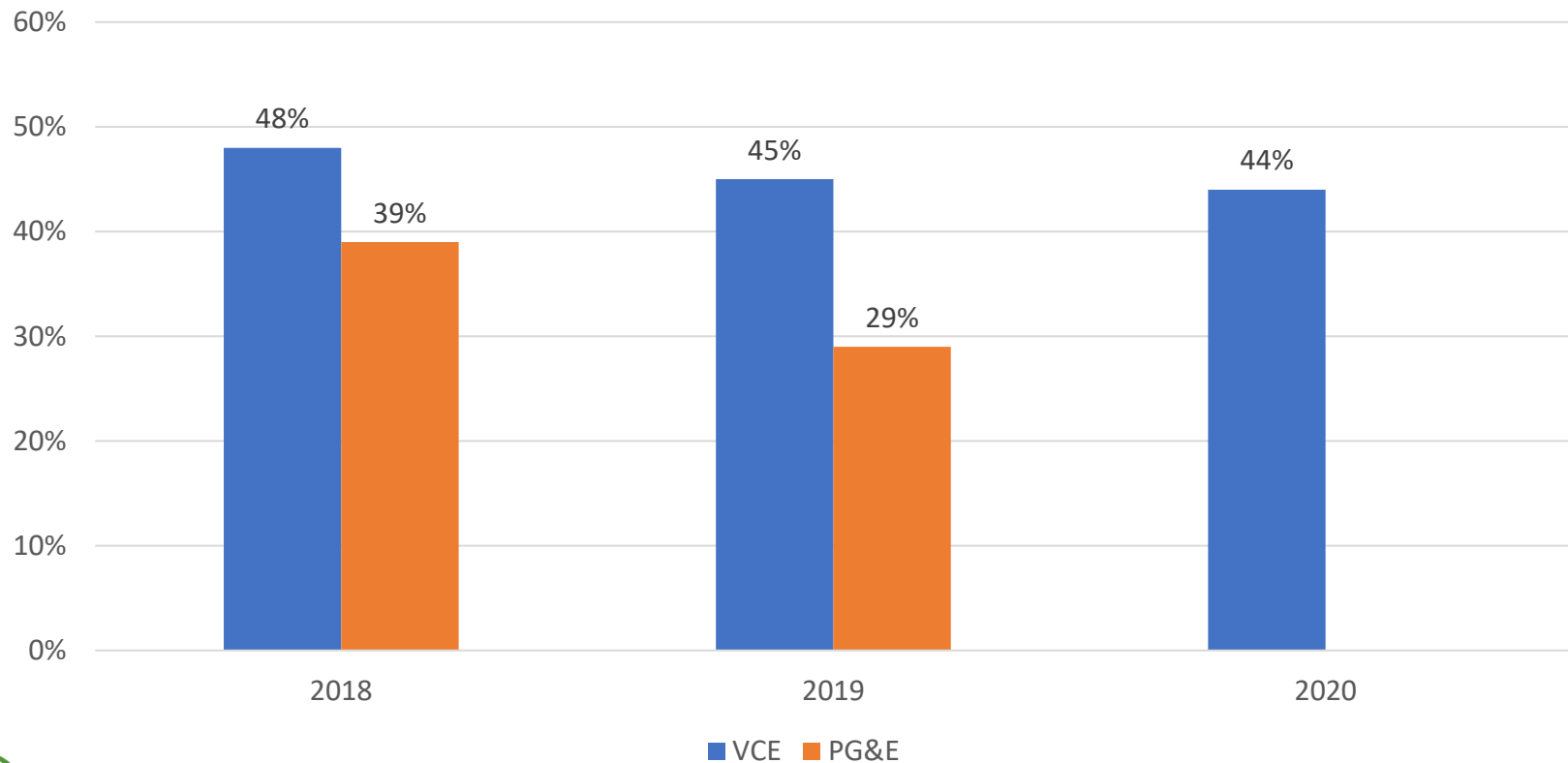
## Conclusion

- Outlook since October 2020 has not changed significantly
- Challenges of short-term renewable power costs, PCIA and RA remain
- Cash reserves utilization as planned
- Normalization is still expected in CY 2023 and beyond by changing environment and cost structure



# Item 7 – Power Content Policy Strategy: RPS Power Content Label Comparison – Historical Context

## Renewable Comparison



Note: 1) 2020 VCE % are preliminary  
2) 2020 PG&E % not available at this time

# Item 7 – Power Content Policy Strategy: Managing PPA Commercial Operation Dates

## VCE Contracted Resources

**(1)** Aquamarine Solar Facility – Kings Co.  
50 MW PV-only (approx. 130,000 MWhs)  
Scheduled online – Q3 2021

2 Yolo County Solar (PV) + Storage Projects  
**(2)** 3 MW/3 MW BESS and **(3)** 20MW/6.5 MW  
BESS (approx. 7,500/50,000 MWhs)  
Scheduled online – Fall 21/22

**(4)** Tierra Buena Battery Storage Facility - Sutter Co.  
VCE share is 2.5 MW  
Anticipated online – Summer 2022

**(5)** Aggregated Demand Response – System wide  
VCE share is 7 MW  
Anticipated online – Summer 2021

Solar (PV) + Storage Project  
**(6)** Resurgence Solar I – San Bernadino Co.  
90 MW (PV) / 75 MW BESS (approx. 250,000+  
MWhs)  
Scheduled online end 2022



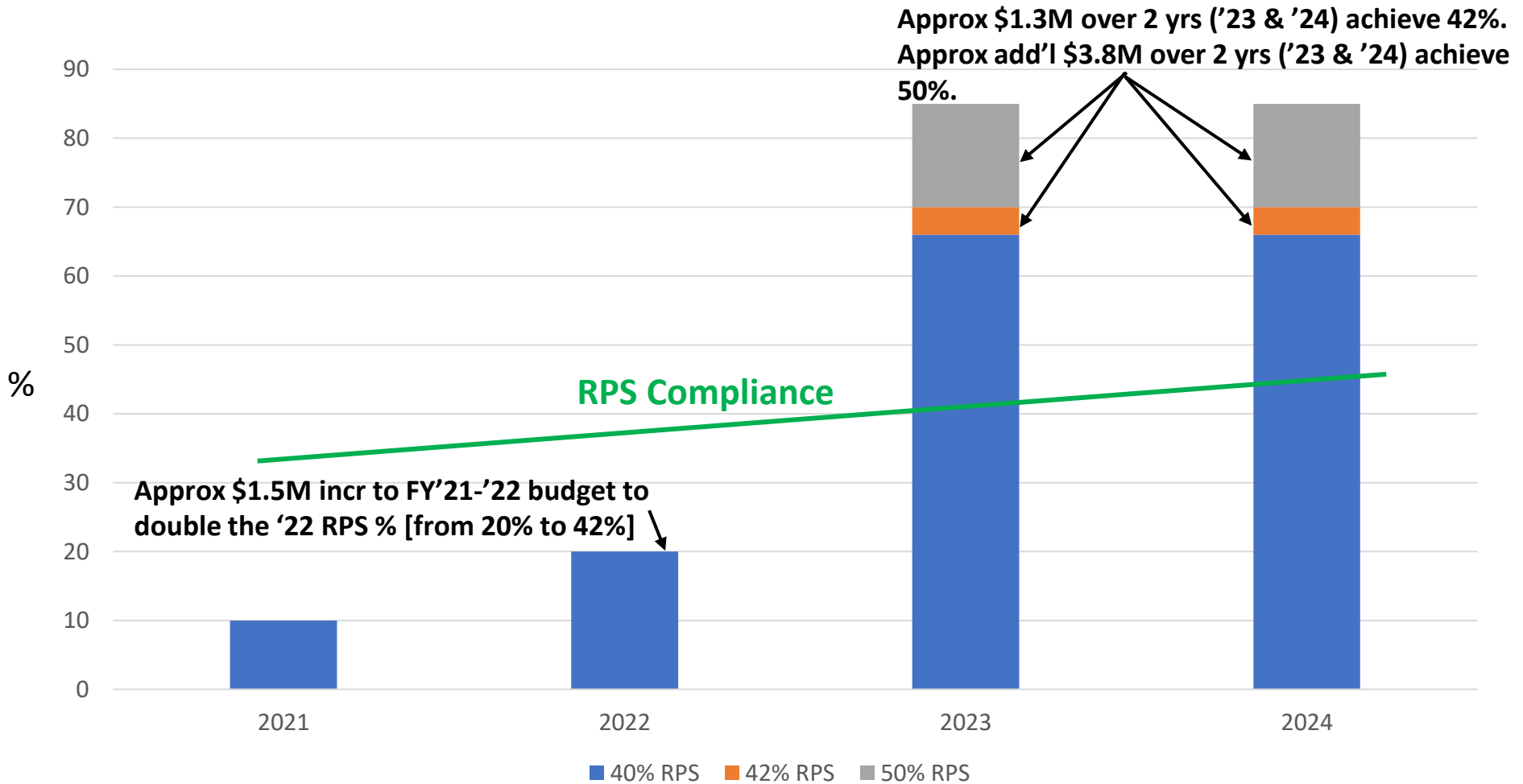
# Item 7 – Power Content Policy Strategy: Current Outlook

Power Content Outlook	2021		2022	
<b>VCEA Retail Load</b>	<b>719,098</b>		<b>728,826</b>	
<b>Renewable Supply</b>	77,458	11%	145,807	20%
Aquamarine Solar	23,028		131,991	
Indian Valley	1,500		6,448	
Putah Creek Energy Farm	930		6,956	
Resurgence Solar I	N/A		412	
Short Term RECs	52,000		N/A	
<b>Large Hydro</b>	79,427	11%	50,000	7%
Hydro Contract	29,427		N/A	
PG&E Allocation Est.	50,000		50,000	
<b>System Power</b>	562,213	78%	533,019	73%



- 1) Above % based on VCE Board policy decision (June 2020) for '21 & cont'd for '22
- 2) VCE does not plan to contract for additional large hydro (GHG-free) other than the allocations received from PG&E (approx. 5-10%), during this compliance period.

# Item 7 – Power Content Policy Strategy: RPS Compliance & Options to Consider



Note: 1) Compliance period '21-'24

2) CA RPS Compliance Avg for this period = 40%

3) Approx 80,000 add'l REC's req'd to achieve 42%. 315,000 REC's for 50%  
(this is above the production of the long term PPAs)



# Item 7 – Power Content Policy Strategy: Discussion/Recommendation

- Staff is recommending a continuation of the near-term policy adopted by the Board last year for a lower carbon free content percentage in VCE’s portfolio in 2022.
    - CAC recommendation on the policy issue will be shared with the Board as part of their consideration of the final draft FY 2021-2022 budget in June.
  - What RPS target should VCE consider for the current RPS compliance period (2021 – 2024)?
    - CAC feedback on the secondary policy issue will inform continuing discussions on the design of VCE’s portfolio
- 1) The minimum compliance requirement is an average of 40% RPS content over the compliance period while VCE’s internal target has been 42% since launch.



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**VCE Community Advisory Committee Meeting –  
May 27, 2021 via video/teleconference**

**Item 8 – VCE’s Programs Design & Review Process**



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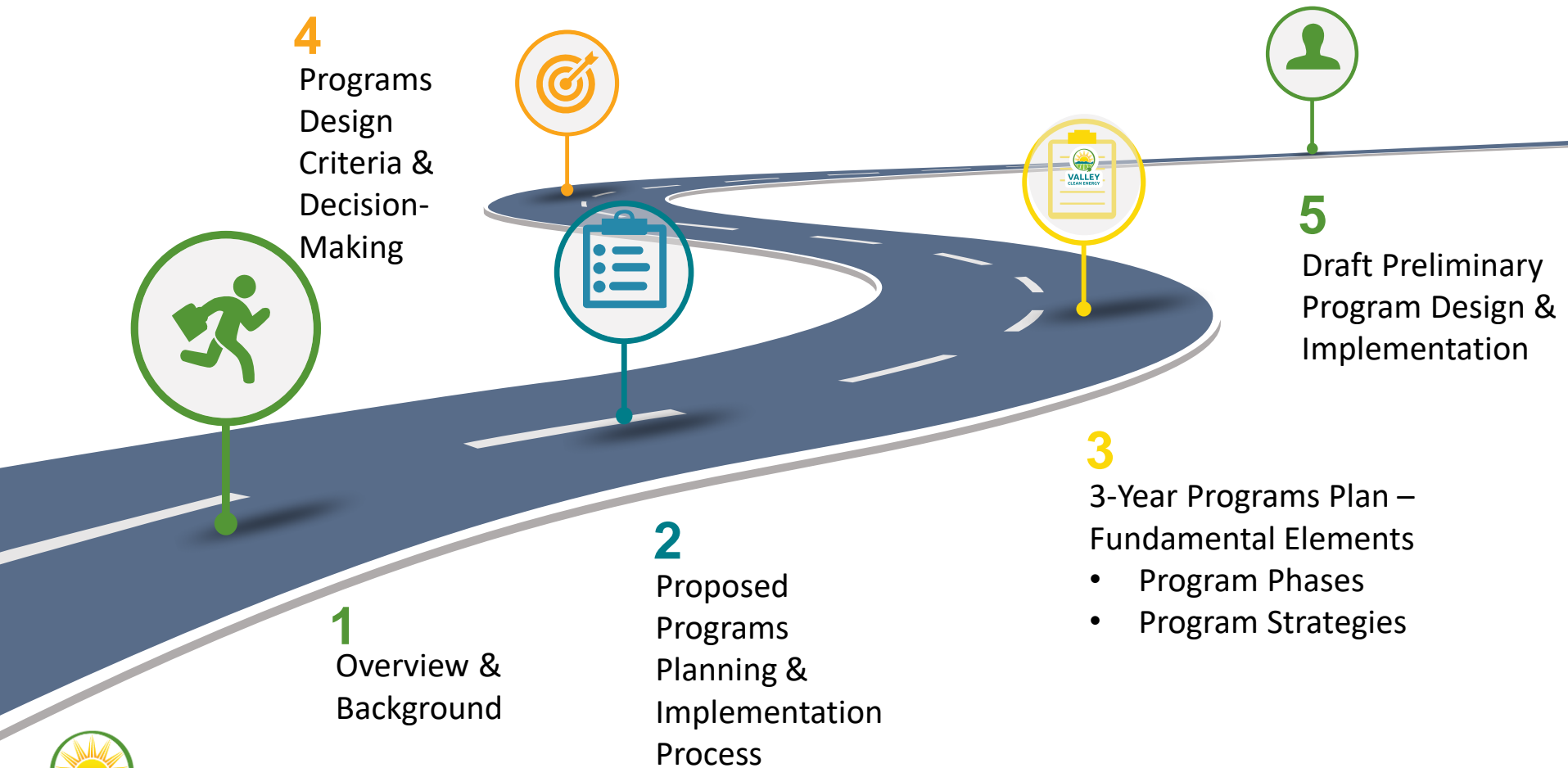
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# Item 8 – VCE’s Programs Design & Review Process





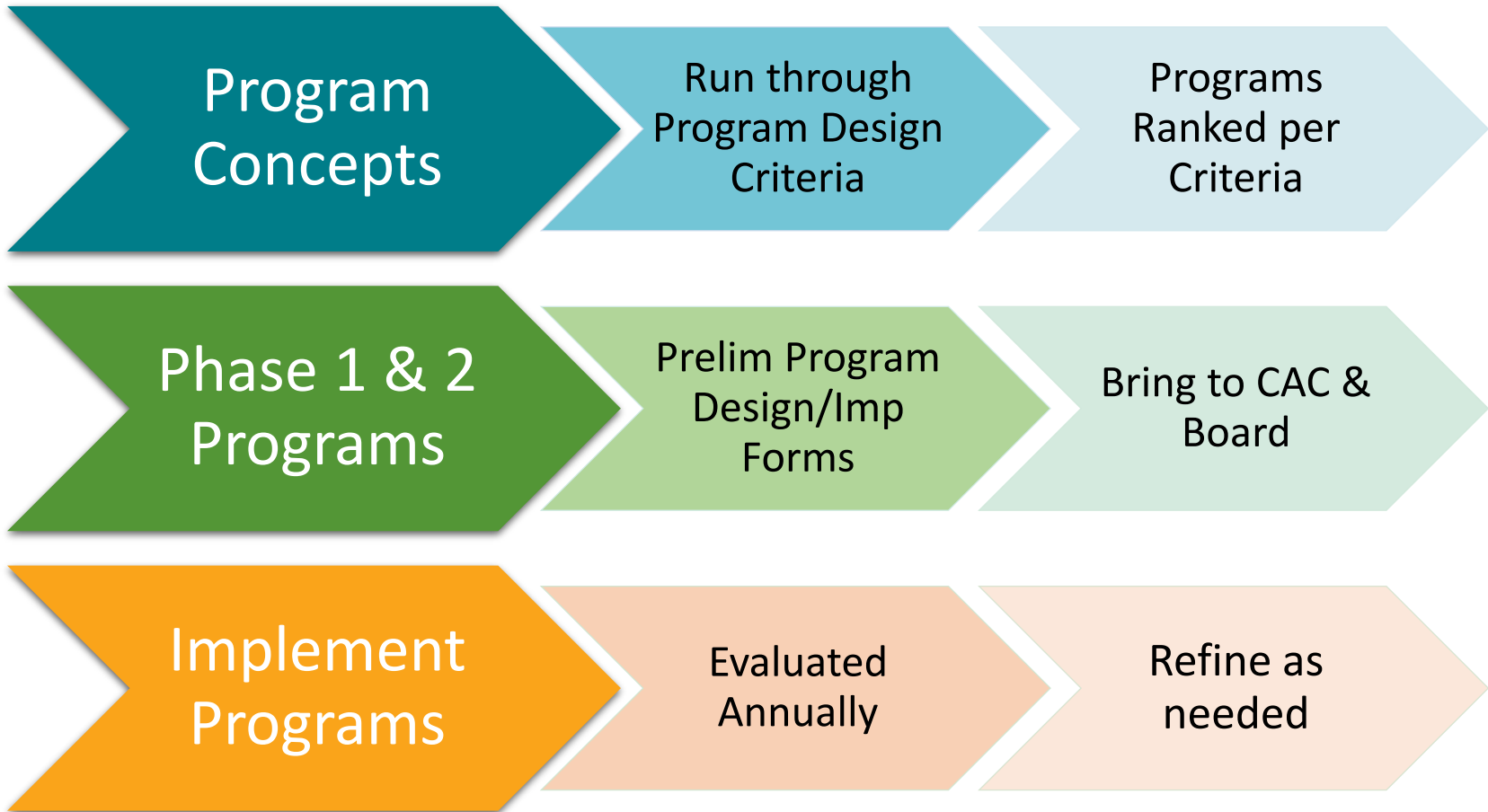
# Item 8 - VCE's Programs Design & Review Process

## Overview & Background

- **Seeking recommendation to Board of Directors** on 3-Year Programs Plan and programs implementation process
- 2-Step feedback process to allow for deeper consideration; will return to CAC with more detail on program concepts
- March 25, 2021: Outline of 3-Year Programs Plan
  - Main CAC feedback: Focus on low-cost, high-impact (to customer) programs; programs benefiting marginalized communities
  - Staff met with PTG 8 times since 3/25 meeting

# Item 8 - VCE's Programs Design & Review Process

## Proposed Programs Planning & Implementation Process



# Item 8 VCE's Programs Design & Review Process

## 3-Year Programs Plan Elements

- VCE's Commitment to EJ, Community Reinvestment, Programs Evaluation Plan
- **Summary of Phases**
  - Phase 1: *Ongoing or to be initiated within the next year*
  - Phase 2: *Potential to be initiated within one to three years*
  - Phase 3: *No defined start date for action, likely longer than two years*
- **Program Strategy One:** *Promote the Electrification of Transportation, Residential and Commercial Buildings, and Agricultural Operations*
- **Program Strategy Two:** *Encourage and Incentivize Energy Efficiency, Demand Response Flexibility, and Resiliency*

# Item 8 - VCE's Programs Design & Review Process

Phase 1	Phase 2	Phase 3
<p>Ongoing or to be initiated within the next year.</p> <ol style="list-style-type: none"><li>1. Achievable in the near-term.</li><li>2. Funding and other resources are available.</li><li>3. Building the foundation for ongoing a future project.</li></ol>	<p>To be initiated within one to three years.</p> <ol style="list-style-type: none"><li>1. Anticipated, yet not immediate, deadline.</li><li>2. Funding requirements to be determined and funding sources identified or in development.</li><li>3. Necessary for planning and development of long-term actions.</li></ol>	<p>No defined start date, likely longer than two years.</p> <ol style="list-style-type: none"><li>1. In the conceptual phase.</li><li>2. Additional information needed to inform an operational plan.</li><li>3. Funding not yet available.</li></ol>

# Item 8 – VCE’s Programs Design & Review Process



# Item 8 – VCE’s Programs Design & Review Process

## Criteria

Staff Time

Availability of Funds

Strategic Plan Alignment

## Definitions

- \$ available in programs budget, leveraging supplementary funding, grants, etc.
- Amount of Staff time required, consultant needs, etc.
- Reduces GHG Emissions
- Customer Satisfaction
- Addresses Environmental Justice
- Regulatory & Legislative Goals Alignment
- Strategic Partnerships

## Weights

25%

25%

50%



# Item 8 – VCE's Programs Design & Review Process

## Next Steps

**Seeking recommendation to Board of Directors** on 3-Year Programs Plan and programs implementation process

Complete Preliminary Programs Design/Implementation Forms for Program Concepts: EV Rebates (Low-Income); Ag AutoDR; Thermostat/Residential DR



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## VCE Community Advisory Committee Meeting – May 27, 2021 via video/teleconference

### Item 9– Net Energy Metering (NEM) 3.0 Update





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# Item 9 – Update on Net Energy Metering (NEM)

## 3.0 Proceeding

- NEM in California began in 1995
  - Several revisions since
- Currently most customers are NEM 2.0
  - Differences from NEM 1.0: TOU rates; NBCs paid
- Proceeding is in process
  - Expectation is a decision from CPUC by end of 2021
- Many stakeholders engaged in the proceeding
  - AB 1139
  - IOUs and Solar Advocates

# Item 9 – Update on Net Energy Metering (NEM)

## 3.0 Proceeding

### **Assembly Bill 1139 (AB 1139)**

- Proposed by Assemblymember Lorena Gonzalez (D)
- Proposed change in compensation for excess generation
  - Wholesale rate at time of export
- NEM 1.0 and 2.0 customers removed from legacy rates
- Monthly “grid access” charge (\$50-\$86)
- \$300M annually for CARE/FERA customer access to renewables; \$500M annually for public buildings to install RE generation systems
- 56 Groups signed on to a letter praising equity components but in strong opposition unless amended

# Item 9 – Update on Net Energy Metering (NEM) 3.0 Proceeding

- Key considerations in Proceeding & Legislation:
  - Benefits of distributed generation
  - Potential cost shift between customer classes
  - Compensation for surplus generation; how this affects solar's value proposition and solar industry
  - Equitable access to RE for low-income customers



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