

**Meeting of the Advisory Committee of the
Valley Clean Energy Alliance (VCEA)
January 11, 2018
5:30 PM**

Woodland Senior & Community Center, 2001 East Street, Woodland, 95778

Meetings are accessible to people 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 Mitch Sears, VCEA Interim General Manager, at least 2 working days before the meeting at (530) 757-5610 or msears@cityofdavis.org.

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Committee members and other staff.

Committee Members:

Mark Aulman, Marsha Baird (Secretary), Amanda Beck, Gerry Braun (Chair), Tom Flynn, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker (Vice-Chair), David Springer

5:30 PM CALL TO ORDER

- 1. Welcome and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment**

This item is reserved for persons wishing to address the Advisory Committee on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the 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 Committee are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

4. Brief VCEA Staff and Advisory Task Group Reports

Representatives of VCEA staff and active Task Groups will provide updates on on-going 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. Otherwised, 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.

CONSENT AGENDA

- 5. Approval of Minutes from November 27, 2017 & December 4, 2017 Committee Meetings**
- 6. Communications Plan Update**

REGULAR AGENDA

- 7. Action. Review Board Workplan, Approve Recommended CAC Workplan updates, Approve Task Group Structure.**
 - A. Board Workplan & CAC Workplan Updates**
 - B. Task Group Structure and Brown Act Impacts on Committee Internal Communications.**

C. Receive nominations and appoint an Energy Services Launch Task Group, formerly Portfolio, Program and Rates Task Group.

8. Information and Action. Power Procurement:

A. Action. Recommend Board Approval of Delegation of Authority to SMUD to begin execution of Procurement Plan.

B. Information: Status of Default and 100% RE Portfolio Specification and Targets

C. Information: Status of Procurement Plan Development and Task Group Review

9. Action. Recommend Board Approval of Customer and Data Policies.

10. Discussion. Advisory Committee Input to Definition of Net Energy Metering (NEM) Policy Options for Staff Evaluation and Board Consideration.

11. Advisory Committee Member and Staff Announcements

Action items and reports from members of the Advisory Committee, including announcements, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

12. Adjournment (Approximately 7:30pm)

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. Until VCEA has offices, the Board has designated the Department of Community Development and Sustainability at the City of Davis located at 23 Russell Blvd, Davis, CA for the purpose of making those public records available for inspection. The documents are also available on the City of Davis website located at: www.valleycleanenergy.org/meetings.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 5

TO: VCEA Community Advisory Committee
FROM: Mitch Sears, Interim General Manager
SUBJECT: Minutes from November 11, 2017 and December 4, 2017 Meetings
DATE: January 11, 2018

Recommendation

Receive and approve the minutes from the November 11, 2017 and December 4, 2017 meetings.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
Advisory Committee Meeting
November 27, 2017

The meeting of the Advisory Committee (AC) of the Valley Clean Energy Alliance (VCEA) began at 5:30pm in the Davis Senior Center, Activities Room, 646 A Street, Davis, CA.

Committee Members Present: Mark Aulman, Marsha Baird, Gerry Braun, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker, David Springer.

Committee Members Absent: Amanda Beck, Tom Flynn.

Staff Members Present: Emily Henderson, Mitch Sears, Kim Villa.

Public Present: Kate Kelly, John Mott-Smith, UC Davis law school student, zquin@ucdavis.edu

SMUD Consultants Present: Michael Champ, Gary Lawson.

1. Welcome and Roll Call

Meeting called to order by Chair G. Braun at 5:30pm.

2. Approval of Agenda

Y. Hunter moved, G. Braun seconded approval of meeting agenda. Approved unanimously.

3. Public Comment

UC Davis law school student asked the committee to complete a survey for a research project he is doing on open meetings.

Kate Kelly, with Defenders of Wildlife requested the opportunity to do a briefing to the committee at an upcoming meeting on recommendations for procurement of project sites for renewables that do not negatively impact the environment. She provided handouts for the committee. G. Braun commented that we will discuss under Item 11.

4. Brief VCEA Staff and Advisory Task Group Reports

- **SMUD Agreement task group:** Task group members commented that they individually reviewed and provided feedback on the SMUD agreement, and their comments were responded to and/or incorporated in the final agreement. Task Order 4 is still in development and will be going to the Board on December 14th for approval. M. Sears commented that he plans to send it out to the task group later this week. Task Order 4 is regarding HR and staffing. G. Braun expressed some concern that the task group has not met as a group, but provided individual feedback.
- **Launch Phase Energy Issues task group:** G. Braun reported that this task group has not met as yet, but we will need their input on the Wholesale Energy Issues. There was also a discussion of a potential task group to review portfolio mix and rates information. This will be discussed further in Item 7.

CONSENT AGENDA

5. Approval of Minutes from November 6, 2017 Committee Meeting

Y. Hunter moved, C. Shewmaker seconded approval of Minutes. Approved with two abstentions.

REGULAR AGENDA

6. Action. Review Board workplan and approve recommended CAC work plan updates

M. Sears reported that there were no changes to the Board work plan items for December 14th. In the new year, staffing, policies and budget issues will be discussed. There will also be outreach training with Circlepoint for the Advisory Committee as well as others.

Y. Hunter moved, M. Aulman seconded approval of CAC work plan. Approved unanimously.

The committee decided to switch the order of the next two agenda items.

8. Staff/Consultant Briefings

M. Sears explained that tonight's briefings will be a mixture of policy presentations and staffing plans.

- **Power Mix Targets**

M. Sears commented that there will be new information at next Monday's meeting on the power mix. SMUD presented power mix information at the November 6th CAC meeting. C. Shewmaker requested that SMUD include a scenario where the percentage of renewables increases over time from 42% to 50%.

- **Reserve Policy**

M. Champ from SMUD presented slides showing the financial forecast and target reserve levels for operating reserve and a future rate stabilization fund. The forecast includes assumptions for PGE and PCIA charges. The financial picture improves in 2021 when PCIA are expected to be lower. The current forecast predicts that it will take 3 or more years to reach the recommended operating reserve policy target.

M. Champ also shared a draft of the VCEA Operating Reserve Policy.

- **Wholesale Energy Risk and Trading Policies**

G. Lawson from SMUD presented an overview of the Wholesale Power Procurement and Risk Management Policy which had also been shared with the Board on November 16th. At the next CAC meeting, SMUD will have the draft policy document, which will be about 10 pages. G. Braun asked what other CCAs have for this. G. Lawson replied that the other CCA's policies are very similar to this one and that this reflects good industry practice. G. Braun commented that it is difficult to react without something to compare to. It would be helpful to know what problems other CCAs have had that would advise changes to the policy. G. Lawson commented that the policy will allow for amendments, and that the EROC will review it periodically.

- **VCEA Staffing Plan**

M. Sears presented the staffing plan that had been presented to the Board on November 16th. Key direction from the Board was to keep VCEA in-house staff small. Board did not take action, but will at December 14th meeting. Some members of the Advisory Committee expressed an interest in making a recommendation to the Board, so will discuss at next meeting.

G. Braun asked about future plans for staffing, as it would be helpful for comparison. M. Sears responded that the proposed plan addresses start-up staffing for the first year or two; there is no long term plan as yet.

M. Aulman asked if there would be any shortfalls in customer facing staff compared to what PG&E currently has. SMUD is looking at this now in terms of Key Account Reps.

7. Action. Appoint Portfolio, Programs and Rates Task Group

G. Braun reviewed the need for task groups to meet to review issues outside of committee meetings. We should be careful how many task groups we create and make sure the members have time to be involved. D. Springer commented that the task groups should have a chair and should be created as needs arise. There is a need to review rates and portfolio mix before next meeting in order to make a recommendation to the Board. L. Kristov suggested since time is short on these topics, that we just have an ad hoc team of those that can meet before the next meeting. L. Kristov, G. Braun and D. Springer plan to meet next Monday afternoon to review the information presented by SMUD on rates and portfolio mix.

9. Legislative/Regulatory Task Group Report

Y. Hunter and C. Shewmaker presented a recommendation for review by the committee of the policies and procedures for VCEA to adopt. They would like to present it to the Board for approval. L. Kristov had some questions about the wording and potential redundancy of items. L. Kristov proposed changes. Y. Hunter will make initial rewrite, then review with L. Kristov and C. Shewmaker and agree upon changes **prior to the meeting next week.**

10. Vision Statement Update

G. Braun provided some proposed revisions to the Vision Statement and suggested that the Vision Statement subcommittee review. Since the Board just approved the Vision Statement on November 16th, C. Shewmaker suggested it would be best to wait to make any changes which would require the Board to review and approve. G. Braun agreed to table the proposed revisions.

11. Chair/Vice Chair Report

G. Braun proposed that the committee have a more complete briefing from the Defenders of Wildlife at a future Advisory Committee meeting. M. Sears concurred and will coordinate scheduling.

12. Discussion. Next Meeting Agenda

- Next meeting agenda will include:
 - Power Mix Targets - recommendation
 - Reserve Policy - recommendation
 - Rates for FY 2018-2019 – recommendation
 - Wholesale Energy Risk and Trading Policies – recommendation
 - VCEA Staffing Plan – possible recommendation
 - Regulatory/Legislative Policy – possible recommendation

13. Board Member and Staff Announcements

None.

14. Adjournment

Meeting adjourned at 8:05pm. M. Aulman moved, D. Springer seconded. Approved unanimously.

ACTION ITEMS from Meeting:

- **Mitch Sears** will send out draft Task Order 4 of SMUD Agreement to Task Group (Flynn, Hunter, Kristov, Springer).
- **Gerry Braun, Lorenzo Kristov and David Springer** will meet to discuss rates and portfolio mix recommendations.
- **Yvonne Hunter, Christine Shewmaker and Lorenzo Kristov** will review wording of Regulatory/Legislative Policy.

Next Meeting: Monday, December 4, 2017 at 5:30pm at Davis Senior Center.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
Community Advisory Committee Meeting
December 4, 2017

The meeting of the Community Advisory Committee (CAC) of the Valley Clean Energy Alliance (VCEA) began at 5:30pm in the Davis Senior Center, Activities Room, 646 A Street, Davis, CA.

Committee Members Present: Mark Aulman, Marsha Baird, Gerry Braun, Tom Flynn, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker, David Springer.

Committee Members Absent: Amanda Beck.

Staff Members Present: Emily Henderson, Mitch Sears, Kim Villa.

Public Present: John Mott-Smith, UC Davis law school student, zquin@ucdavis.edu

SMUD Consultants Present: Michael Champ, Gary Lawson.

1. Welcome and Roll Call
Meeting called to order by Chair G. Braun at 5:30pm.
2. Approval of Agenda
Y. Hunter moved, M. Aulman seconded approval of meeting agenda. Approved unanimously.
3. Public Comment
UC Davis law school student returned to ask the committee to complete his survey for a research project he is doing on open meetings.
4. Brief VCEA Staff and Advisory Task Group Reports
 - **Outreach task group:** M. Aulman commented that he will be reaching out to M. Sears to revisit the procedure for the task group's participation in outreach issues. The group provided input several weeks ago on the website and strategic marketing and communications plan, but have not been involved or updated on issues since.

REGULAR AGENDA

5. Action. Review Board workplan and approve recommended CAC work plan updates
Some differing names had been used for the Advisory Committee (Community AC, Citizen's AC, Technical AC). Have settled on name Community Advisory Committee or CAC.

G. Braun proposed having 3 task groups within the CAC to review launch phase issues that need a deeper review outside of CAC meeting time.
 - 1) Legislative/Regulatory task group
 - 2) Outreach task group
 - 3) Energy Services task group

Each group should have 3-4 members with 3 solid, active members. Each group should have a Chair, and no one should be chairing more than one task group. The task group Chair's responsibilities would include scoping and planning the group's work, coordinating with VCEA staff and CAC chair, preparing agendas and minutes for meetings, and delivering reports to the CAC and the Board.

For each of the 3 task groups, need to finalize members, elect chairs and develop a task plan.

The Legislative/Regulatory task group consists of Y. Hunter and C. Shewmaker. L. Kristov volunteered to join. The group will elect a Chair.

The Outreach task group consists of M. Aulman, M. Baird and Y. Hunter. M. Aulman is Chair.

The Energy Services task group consists of G. Braun, L. Kristov and D. Springer. And possibly T. Flynn or A. Beck.

CAC will be using the term task group, not subcommittee going forward.

M. Sears showed slides with some changes to the agenda for the December 14th Board meeting. He shared that he will be using underlines for new items and strikethroughs for deletions to the agendas at each meeting going forward.

There are two new items on the January 11th Board meeting requiring Board approval, "Customer and Data Policies" and "Power Procurement Delegation." Since the CAC is meeting January 8th to review these items, CAC may not make any recommendations. A request was made for information to be shared prior to the January 8th meeting so task groups could potentially meet and review. M. Sears said staff will be preparing the agenda for the January 8th CAC meeting prior to the holidays and will share as much of the material as possible then.

C. Shewmaker moved, Y. Hunter seconded approval of CAC workplan. Approved unanimously.

6. Action. Consider recommendation to Board on Power Mix Targets and Rates for FY 2018-2019

M. Sears shared the staff recommendation to the Board on the Power Mix. The staff recommended power mix is Alt A that has been presented before and is included in the implementation plan.

C. Shewmaker asked a procedural question: Can the CAC have a different recommendation than Staff? M. Sears responded yes, and that the vote would be shown with the recommendation to the Board.

Y. Hunter asked a clarification question about "non-renewable clean energy" – this includes large hydro and nuclear. Renewable energy sources are solar, wind, geothermal, small (less than 30MW) hydro and biomass/bioenergy. VCEA will not be using nuclear, so non-renewable clean energy will consist of large hydro. C. Shewmaker commented that statewide, 12% of clean energy is from large hydro.

G. Braun presented the ad hoc energy task group's recommendation regarding the power mix. The ad hoc task group consisted of G. Braun, L. Kristov and D. Springer. Due to their limited time to meet, they focused on the power mix, and did not prepare a recommendation for Operating Reserve Policy or Wholesale Power Procurement and Risk Management (items 7 & 8). They reviewed information on other CCAs, in particular the "Snapshot of CCA Portfolios in 2016" which shows the percentage of renewables other CCAs as well as PG&E and SCE (Southern California Edison) have in their power mix.

Ad hoc energy task group recommended that:

- 1) VCEA's base generation services product include 42% RPS qualifying and 58% non-RPS qualifying power. The non-RPS portion of the VCEA portfolio is to have GHG emissions lower than the non-RPS qualifying portion of PG&E's portfolio;
- 2) VCEA offer its customers an alternative "all-renewables" product with GHG emissions 10% lower than PG&E's bundled product.
- 3) VCEA make haste to contract for local renewable resources in order to offer an "all-local-renewables" product by the end of year 1.
- 4) VCEA accelerate toward a 50% RPS qualifying portfolio portion of its base product with the additional 8% consisting of at least 50% locally sourced power."

C. Shewmaker commented that she had originally suggested 42% RPS as it was about half way between 35% and 50% -- 35% is not significantly differentiated from PG&E's 33% and while had wanted 50%, it might cause financial challenges, so 42% felt like a good target.

G. Lawson said SMUD would need to do some additional economic analysis on #1 to see if they could make it work. May have to increase the percentage of PCC2. He also commented that PG&E's PCIA has gone up recently, putting more pressure on VCEA margin.

M. Aulman commented that VCEA should avoid a parity product with PG&E. The goal ought to be to get the renewables numbers as high as can as soon as we can.

T. Flynn commented that the element of the recommendation that resonates most is local renewables. Would like to see the staff recommendation address local renewables.

L. Kristov commented that local renewables would differentiate VCEA from PG&E.

G. Braun noted that the SMUD analysis assumes a 1% per year rate increase by PG&E. He asked if SMUD had looked for information on what PG&E projects for rate increases in subsequent years.

Y. Hunter made the below motion. D. Springer seconded. Motion did not pass, vote 3-4-1.

The CAC supports staff recommendation for 2018. The CAC recommends that when VCEA is looking at 2019 and beyond, VCEA should:

- Evaluate increasing renewable percentage in the mix
- Beginning in year 1, lay foundation for including local renewable resources as a part of the mix.

T. Flynn commented that "local" takes multiple forms. Investing in local programs requires financial footing. Local renewables procurement can happen without financial stress, but is there anything that exists? G. Lawson replied that it would have to be something new as current sources are under contract.

C. Shewmaker made the below motion. L. Kristov seconded. Motion passed, vote 5-2-1.

The CAC supports staff recommendation for 2018, with the change that the renewables percentage be increased to 42%. The CAC recommends that when VCEA is looking at 2019 and beyond, VCEA should:

- Evaluate increasing renewable percentage in the mix
- Beginning in year 1, lay foundation for including local renewable resources as a part of the mix.

7. Action. Consider recommendation to Board on proposed Operating Reserve Policy

T. Flynn made a motion to support the staff recommendation on the reserve policy. Y. Hunter seconded. Motion passed, vote 6-1-1.

G. Braun asked if staff would agree with looking first to budget and rates rather than mix in terms of what will be adjusted to maintain the operating reserve at targeted levels. He also commented that CCAs need to develop alternative ways to generate income.

8. Action. Consider recommendation to Board on proposed Wholesale Power Procurement and Risk Management Policy

G. Braun commented that the ad hoc task group did not have a recommendation as they did not have time. He suggested that no action be taken on this item tonight and that the task group review.

9. Action. Consider recommendation to Board on proposed Organization Chart

C. Shewmaker read the recommendation she prepared and Gerry reviewed based on the in-depth discussion on the organization chart at last week's CAC meeting.

- 1) The committee agrees that all the positions in the chart are needed, and that further, there is a need for depth of subject matter knowledge and experience among VCEA employees. There is also a need for more than one person on the chart to be ready to step in when gaps arise, especially in cases involving permanent VCEA staff. Therefore, the position description for the AGM should require subject matter expertise in VCEA core business topics.
- 2) The general manager and any assistant general managers should be full time and permanent.
- 3) It will remain important to emphasize the separation of legal and leg/reg from SMUD by ensuring these functions do not report thru a SMUD employee or SMUD contractor.
- 4) While the initial organization chart is adequate for the short term, i.e. launch phase and first year, it is not yet ideal in terms of preparation for the longer term. It will be important to review and if needed update it, annually at a minimum, to ensure adequate staffing both for near term operations and planning related to longer term goals as outlined in the long-term portion of the vision statement.
- 5) Therefore, the committee recommends that staff start work on a plan for building local VCEA capacity, e.g. the band-width and technical/managerial expertise to engage with local companies that are actively delivering energy services and developing energy projects.

C. Shewmaker made a motion to approve this recommendation. Y. Hunter seconded. Motion passed, with 1 abstention.

10. Action. Receive nominations and appoint a Portfolio, Programs and Rates Task Group

G. Braun suggested deferring this item as A. Beck is not in attendance and would like to include her on a task group. T. Flynn said he is willing to serve on either the Energy Services or Legislative/Regulatory task group.

11. Action. Consider recommendation to Board on proposed VCEA Legislative/Regulatory policy and procedures

Y. Hunter presented an updated recommendation for the VCEA Leg/Reg policy. She also noted that the CalCCAs platform was attached to the agenda materials for reference.

L. Kristov raised some issues not being addressed by CalCCA, e.g. the need to monitor the CPUC's proceedings related to retail choice and customer choice. The CCAs need to do more than simply focus on their own footprint. Need to educate CCAs that they are part of a larger system and need to support California goals. Retail choice could undermine their ability to do so. CalCCA needs to bring CCAs together more. G. Braun suggested that CalCCA be invited to provide a briefing.

T. Flynn moved and Y. Hunter seconded motion to recommend Board approval of draft Leg/Reg policy and procedures. Unanimous approval.

M. Sears expressed concern that December 14th Board agenda is busy, so proposed putting the Leg/Reg policy on the January 11th Board agenda.

12. Chair/Vice Chair Report

None.

13. Discussion. Next Meeting Agenda

- Next meeting agenda will include:
 - Presentation from Defenders of Wildlife (tentative)
 - Customer and Data Policies - review
 - Power Procurement Delegation – review
 - NEM Policy (tentative)

14. Board Member and Staff Announcements

None.

15. Adjournment

Meeting adjourned at 7:45pm. T. Flynn moved, M. Baird seconded. Approved unanimously.

Next Meeting: Monday, January 8, 2017 at 5:30pm at Woodland Senior Center.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 6

TO: VCEA Community Advisory Committee
FROM: Mitch Sears, Interim General Manager
SUBJECT: Communications Plan Update
DATE: January 11, 2018

Recommendation

Receive informational update.

Background and Analysis

The following is a summary of recent and planned outreach activities. In addition, the Outreach Task Force has provided feedback on various outreach materials including pamphlets, poster, and the power point presentation for community groups.

- **Collateral:** Materials have been produced for distribution through outreach activities including:
 - VCE poster, brochure, talking points, T-shirts, tote bags, stickers, and temporary tattoos.
- **Community Outreach:** A VCE Champion workshop to train advocates, city staff, members of the CAC, and other volunteers will be held on how to help spread the word about VCE. The workshop will take place on Jan 24th in Davis. As a reminder, please contact Emily Henderson if you are interested in participating.
- **Stakeholder Outreach:** VCE has been reaching out to community organizations and stakeholder groups in member communities to schedule presentations and share materials about VCE. Below is a list of past and upcoming presentations.
 - Woodland Sunrise Rotary Club (1/4, Mitch) - completed
 - Yolo Flood and Irrigation District (1/9, Mitch)
 - Moore Village Mutual Housing Community (1/11)
 - Woodland Chamber of Commerce (1/17)
 - Woodland Kiwanis Club (1/22)
 - El Marcero CSA (1/23)
 - Woodland Downtown Collaboration (1/26)
 - Wild Wings CSA (2/7)
 - Capay Valley Citizen Advisory Committee (2/7)

- Downtown Davis Association (2/8)
 - Davis Sunset Rotary (2/14, Lucas to present?)
 - Mutual Housing Community- Davis Properties (2/15)
 - Esparto Unified School District (2/22)
 - Davis Sunrise Rotary (3/9 or 3/23)
- **Customer Notifications:** Customer notices are currently being developed and will be shared with the CAC and Board in February.

Attachment

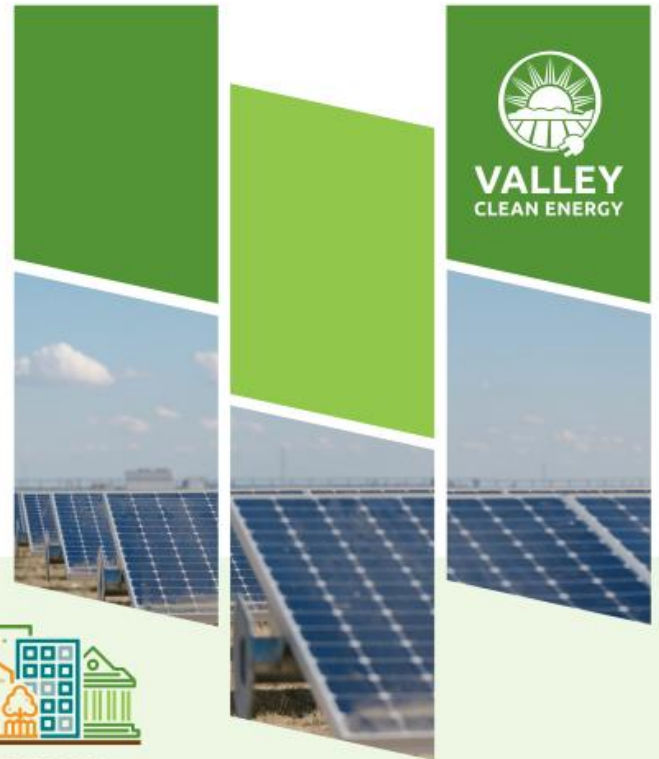
1. VCE Poster (Sample)

COMING SUMMER 2018!

We are **Valley Clean Energy**,
your official community-
governed electricity provider.

You now have the power to choose and save.

Valley Clean Energy (VCE) is bringing cleaner energy at competitive rates to Woodland, Davis, and unincorporated Yolo County. Residents and businesses now have a choice in who provides your power and how much of your electricity comes from clean, renewable sources—such as solar and wind.



SOURCE
VCE

Valley Clean Energy pools the electricity demands of our communities and purchases power with higher renewable and lower greenhouse gas content than is offered by PG&E.



DELIVERY
UTILITY (PG&E)


PG&E continues to deliver the electricity, restore service during outages, maintain the power lines, read your meter, and send you a single, consolidated bill, as required by state law.



CUSTOMER
YOU

You'll receive cleaner energy at competitive rates without doing a thing!

To learn more visit ValleyCleanEnergy.org

 [Facebook.com/ValleyCleanEnergy](https://www.facebook.com/ValleyCleanEnergy)

 [@VCEnergy](https://twitter.com/VCEnergy)

 [@VCEnergy](https://www.youtube.com/@VCEnergy)

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item – 7

TO: VCEA Community Advisory Committee
FROM: Mitch Sears, Interim General Manager
SUBJECT: Board/CAC Workplan and Task Group Structure
DATE: January 11, 2018

A. Board/CAC Workplan

Recommendation

Review board work plan. Approve recommended CAC work plan updates.

Background and Analysis

In order to keep the VCEA Board and VCEA Community Advisory Committee (CAC) working in alignment, and to allow for the CAC to revise its work plan when needed, this item will be a standing item on the CAC agenda.

B. Task Group Structure

In accordance with the Brown Act, the CAC may form temporary task groups to address specific issues. Each task group may have no more than four members. At this time, staff understands that the CAC has constituted the following task groups:

Legislative/Regulatory

Yvonne Hunter
Christine Shewmaker
Lorenzo Kristov

Outreach

Mark Aulman, Chair
Marsh Baird
Yvonne Hunter

In addition, an ad hoc and group of committee members has met on a variety of energy issues at the direction of the Board (e.g. SMUD Contract).

VALLEY CLEAN ENERGY ALLIANCE

2018 Advisory Committee and Board Meeting Dates and Topics

MEETING DATE		TOPICS	ACTION
January 11, 2018	Advisory Committee	<ul style="list-style-type: none"> • Power Procurement Delegation • Customer and Data Policies • NEM Policy (Tentative) 	<ul style="list-style-type: none"> • Approve • Approve • Review
January 18, 2018	Board	<ul style="list-style-type: none"> • Customer and Data Policies • Power Procurement Delegation • NEM Policy (Tentative) 	<ul style="list-style-type: none"> • Review and Approve • Approve • Review
January 29, 2018	Advisory Committee	<ul style="list-style-type: none"> • Review Enterprise Risk Policy 	<ul style="list-style-type: none"> • Recommend
February 8, 2018	Board	<ul style="list-style-type: none"> • Review Enterprise Risk Policy 	<ul style="list-style-type: none"> • Review
February 26, 2018	Advisory Committee	<ul style="list-style-type: none"> • Enterprise Risk Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Recommend • Recommend • Recommend • Recommend
March 8, 2018	Board	<ul style="list-style-type: none"> • Enterprise Risk Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Approve • Review • Review • Approve

VALLEY CLEAN ENERGY ALLIANCE

Staff Report

TO: Valley Clean Energy Alliance Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Gary Lawson, Sacramento Municipal Utility District (SMUD)

SUBJECT: Portfolio Guide

DATE: January 11, 2018

RECOMMENDATION

Staff is requesting the Community Advisory Committee (CAC) recommend to the VCEA Board to adopt the attached Portfolio Guide.

BACKGROUND AND ANALYSIS

At the January 18, 2018 VCEA Board meeting, VCEA staff will be recommending that the Board adopt the full version of the Portfolio Guide. A draft version of the guide is attached. The version attached has been redacted to exclude portions of Section 7, Procurement Approach and Hedging Strategy which contains commercially sensitive confidential information.

Purpose

Once the CPUC certifies VCEA's implementation plan, and immediately upon VCEA's execution of the Service Agreement with PG&E and filing of the requisite \$100,000 security with the CPUC, SMUD will begin procuring VCEA's portfolio to meet VCEA's goals of serving its Yolo county communities with renewable and clean energy starting June 1. We expect those procurements to begin at the end of this month. This Portfolio Guide lays the framework for how SMUD, as VCEA's Wholesale Energy Services Provider, will go about these power procurements.

Scope

The Portfolio Guide addresses each of the energy products that VCEA will need in its portfolio to meet its renewable and clean energy targets, as well for supplying the price hedging products necessary to fix VCEA's energy cost on a forward basis. The products discussed are:

Renewables

The renewable energy supply will form the foundation of VCEA's clean portfolio to achieve the 42% target renewable content established by the Board. Renewables will be procured in volumes sufficient to cover VCEA's default power product (Light Green) as well as its opt-up, 100% renewable product (Ultra Green).

Non-RPS Carbon Free

The non-RPS carbon free power makes up the balance of VCEA's targeted 75% clean portfolio.

Resource Adequacy

Resource adequacy is the generating capacity that VCEA is obligated by law to provide to support system reliability, and is based upon the monthly peak capacity of VCEA's loads plus a 15% reserve margin.

CAISO Market Power

As a Load Serving Entity within the CAISO market, VCEA's daily power needs will be supplied directly from the CAISO market. SMUD will purchase market power on a Day-Ahead basis for VCEA, based upon daily forecasts of VCEA's hourly loads.

Price and Locational Hedging Products

The pricing of the market power purchased from the CAISO is not known in advance. In order to fix its energy costs in advance, VCEA must find supplier that will sell it market power at contractually fixed prices. Alternatively, VCEA must find an entity that is willing to financially fix the cost of market power.

Carbon Allowances

VCEA may need to import clean power from an out-of-state entity that has large hydro in its power portfolio. Such a supplier (known as an asset controlling supplier) may have small amounts of carbon emitting resources in its portfolio. In order to offset that small carbon component, VCEA will need to procure carbon Allowances.

CONCLUSION

Staff is seeking a recommendation from the Community Advisory Committee in support of Board adoption of the attached Portfolio Guide.

ATTACHMENT A
Valley Clean Energy Procurement Guide



DRAFT

**Valley Clean Energy Alliance
Procurement Guide**

1/4/2018

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1 Purpose and Scope

The intent of the VCEA Procurement Guide is to provide a roadmap of how the power portfolio for VCEA will be procured in the short run. This is not a resource plan, insofar as a resource plan deals with issues such as the long term resource goals of a CCA. Ultimately long term resource goals will end up in procurement actions. Because no specific long term goals have been established, no specific goals are included ~~yet~~ in this Procurement Guide. This guide covers:

- Principles Guiding Portfolio Development
- Channels for Procurement
- Regulatory Requirements
- Steps to Procurement
- Portfolio Composition
- Procurement Approach and Hedging Strategy

2 Principles Guiding Portfolio Development

The portfolio developed for VCEA will be ~~developed based on~~guided by the following principles. The portfolio will:

- Meet standards defined by the CAISO's Reliability Requirements Business Practice Manual
- Satisfy CPUC Resource Adequacy requirements
- Comply with annual RPS content standards
- Consist of the product mix from renewables and clean energy as directed by VCEA
- Target the level of hedging as directed by VCEA
- Adhere to ~~the~~-risk mitigating directives and delegations of the EROC
- Adhere to applicable Federal, regional, and local requirements.

3 Channels for Procurement

SMUD will ~~leverage its~~ access ~~power makets and to various marketing channels~~ to transact on behalf of VCEA using the following types of marketing channels:

- Direct Solicitation - SMUD will use its existing relationships to seek ~~favorable~~ suitable bilateral agreements with counterparties directly
- Electronic Exchange Platforms - SMUD will use its access to platforms such as ICE(Intercontinental Exchange) to research markets and transact
- Electronic Auction Platforms - SMUD will use its access to platforms such as EnerNoc to create and enter auctions for desired products
- Brokers - SMUD will use its existing agreements with brokers to help locate trade partners for desired products

Considerations for the channel(s) used include:

- Type of product
- Market liquidity
- Credit Quality and Availability
- Timing
- Cost/fees
- Existing Counterparties and Transactions
- Resource and Counterparty diversity
- Market Conditions

4 Regulatory Requirements

4.1 Resource Adequacy

As a Load Serving Entity (LSE), VCEA is subject to the Resource Adequacy (RA) program imposed by the CPUC and adopted by the CAISO. The RA program is designed to ensure sufficient resources to operate the grid reliably. An LSE is required to demonstrate on an annual and monthly basis that it has procured enough capacity to support 115% of its peak loads from physical resources not already committed elsewhere. The required amounts are determined by the CPUC based on forecasted load. ~~The RA program contains three components:~~

System Total RA Requirements

~~System~~ The total RA requirements of an LSE is are determined based on each a LSE's CEC adjusted forecast plus a 15% planning reserve margin. LSEs must procure and provide their total RA requirement using Local Capacity and System Capacity. Additionally, some of the RA capacity must have flexible ramping capabilities to meet the need of the CAISO to follow rapid changes in load. ~~The RA program contains three components:~~ These types of RA resources are discussed below.

Local RA Requirements Resources

Local RA capacity is provided from generating resources located in areas where there are transmission constraints impacting the ability to serve load. The requirement for Local RA requirements Resources is are determined by the CAISO based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency impacting those constrained areas. The responsibility for providing RA from Local Capacity is prorated out to LSEs based upon their load.

System RA

The balance of the total RA Requirement can be supplied from qualifying generating resources that are not in areas with local capacity constraints.

Flexible RA Requirements

Flexible RA Requirements are based on an annual CAISO study that ~~currently looks assesses~~ at the largest three hour ramp for each month needed to run the system reliably. Flexible capacity can be provided from either Local or System RA resources.

Local RA Requirements

~~Local requirements are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency.~~

4.2 Renewables Portfolio Standards

The portfolio must meet the RPS requirements set by the CPUC. The percentage of the portfolio that must be supplied by RPS-eligible sources each year is detailed below. Compliance will be determined by the renewable energy credits (RECs) retired within the multi-year compliance periods.

Table 4.1. Annual RPS Minimum Requirements

Compliance Period	Year	RPS Percentage
3	2018	29.0%
	2019	31.0%
	2020	33.0%
4	2021	34.8%
	2022	36.5%
	2023	38.3%
	2024	40.0%
5	2025	41.7%
	2026	43.3%
	2027	45.0%
6	2028	46.7%
	2029	48.3%
	2030	50.0%

The California Energy Commission (CEC) certifies the RPS-eligibility of renewable resources. The Western Renewable Energy Generation Information System (WREGIS) assigns Renewable Energy Certificates (RECs) and tracks REC ownership used as evidence for compliance with renewable portfolio requirements. The CPUC enforces the RPS for LSE's under its jurisdiction.

There are three Portfolio Content Categories of renewable resources under RPS, determined by how the REC and associated energy are delivered to California for use by LSEs in California. Table 4.2 below shows the categories and their definition.

Table 4.2. RPS Product Content Categories

Portfolio Content Category	Definition
PCC 1	Bundled energy and REC delivered to the California power grid without substituting electricity from another source. Renewables generated inside CA are by default PCC 1, but out-of-state generators must meet certain scheduling guidelines. The minimum amount of procurement allowed from PCC1 for compliance period 3 (2017-2020) is 75%.
PCC 2	Bundled energy and REC where the energy can be substituted with non-renewable sources imported into the state. An out-of-state wind resource where the shortfall in energy is firmed up by another resource falls into this

	category.
PCC 3	Unbundled REC with no obligation for physical delivery of energy. The maximum amount of procurement allowed from PCC3 for compliance period 3 is 10%.

5 Steps to Procurement

Develop load forecast for relevant market/operating period

Estimate initial Resource Adequacy and RPS requirements necessary to satisfy regulatory requirements

Receive input from VCEA regarding preferred portfolio mix of renewables, ~~and~~ clean energy and other resources

Perform ~~latest~~ market survey-reconnaissance to estimatefor current prices ~~to~~ and provide VCEA feedback on cost estimates for targeted portfolio mix

Based upon ~~Begin initial~~ market survey and VCEA input, ~~to~~ prepare for solicitation

Obtain authorization and ~~D~~delegation to ~~T~~ransact

Go to market and execute transactions. If market conditions or regulatory requirements change significantly, provide feedback to VCEA and adjust course as directed.

Report results of procurement process

Manage daily operations of portfolio management

Monitor portfolio/counterparty credit and limits/market exposure

6 Portfolio Composition

6.1 Renewables

The renewable content established by VCEA’s Board for its 2018 portfolio is 42%, with the breakout between the RPS minimum requirements and the additional discretionary renewable content shown in in Table 6.1 below. The table shows the 42% renewable content target carried forward in time, although the Board has made no specific determination of portfolio content beyond the end of 2018. **However,**

Table 6.1 VCEA Renewable and Clean Energy Portfolio Content

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Renewable Content	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	43.3%	45.0%
PCC 1 - Calculated	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
PCC 2 - Calculated	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PCC 3 - Calculated	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RPS Required Minimums	29.0%	31.0%	33.0%	34.8%	36.5%	38.3%	40.0%	41.7%	43.3%	45.0%
PCC 1	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
PCC 2	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PCC 3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Incremental Discretionary Renewables	13.0%	11.0%	9.0%	7.2%	5.5%	3.7%	2.0%	0.3%	0.0%	0.0%
PCC 1	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
PCC 2	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PCC 3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non Renewable Carbon Free	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	31.7%	30.0%
Total Carbon Free	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%

However, VCEA’s likely long term goal is-may be to increase the renewables and clean energy content of the portfolio. As such, for procurement and hedging purposes, It will be assumed that VCEA’s mix will be at least 42% renewable going forward. The 42% renewable energy component exceeds the 2018 minimum RPS requirement of 29% by 13%.

~~VCEA’s 2018 targeted resource mix consists of 75% clean energy of which 42% will be RPS-eligible. This exceeds the 29% minimum renewables component by an additional 13%.~~

The renewables component will consist of 75% from PCC 1 and 25% from PCC 2 for the 29% minimum renewable content required for compliance with RPS. The additional 13% discretionary renewable content will be supplied 100% from PCC-2 resources. The amount of PCC-3 renewables targeted for procurement is zero. However, PCC 3 could be required utilized to make up for any shortfalls in renewable energy content in a given year stemming from volumetric changes in expected versus actual load. This could occur is-if VCEA’s load is-in a given year is greater than planned for. Use of PCC-3 is-would only be used as insurance that VCEA meets its desired power mix for the year when additional procurement of PCC 1 and 2 products is not feasible. Excess PCC1 and PCC-2 beyond what are needed in any given year, can be rolled over into the following year, as required.

Projected REC requirements for 2018 and 2019 are shown below in Table 6.2, based on initial load forecasts. Note that 2018 load is a partial year load, reflecting VCEA's June 1, 2018 launch.

Table 6.2. Targeted Total Renewable Energy Volumes for 2018-2019, MWhs

	2018	2019
	Total	Total
Retail Load	446,476	757,840
RPS % Target	42.0%	42.0%
Total RECs	187,520	318,293
PCC1	97,109	176,198
PCC2	90,411	142,095

6.2 Non-RPS Carbon Free

As Table 6.1 shows, the total targeted clean energy component of VCEA's portfolio is 75%. For 2018, this means the remaining 33% of clean energy not supplied from RPS qualifying resources will likely be sourced from non-RPS qualifying large hydro resources.

Supplies of large hydro will primarily come from the Northwest. Suppliers of large hydro either may offer the power directly sourced from a specific hydro project or from their overall system. In the case of large hydro coming from a specific generator, the carbon factor of the power imported will be 0.00 tonnes CO2/MWh.

Entities that have significant large hydro in their systems and that register their system power with the California Air Resources Board (CARB) are called Asset Controlling Suppliers. The clean power they provide is called ACS power. ~~The r~~Registered ACS suppliers have some carbon emitting resources besides the large hydro in their system. CARB assigns an corresponding emission factor to each Asset Controlling Supplier. As such, there will be a carbon loading that is greater than 0.00 tonnes CO2/MWh, but still very low ~~determined by~~ CARB. (For example, Powerex's current system carbon loading, as listed by CARB, is 0.0254 tonnes CO2/MWh.)

If power from an Asset Controlling Supplier is used to procure-provide the Non-RPS ~~C~~carbon ~~F~~free power, the volume of power from the Asset Controlling Supplier will have to be greater than scaled up to the amount of Non-RPS ~~C~~carbon ~~F~~free power needed to meet VCEA's Non-RPS Carbon Free power targets. Appendix B shows the calculation method that will be used to adjust the Non-RPS Carbon Free volumes. The calculation factors the ratio of the emission factor of the Asset Controlling Supplier and the carbon emission factor for market power from the CAISO. The increase in ACS power displaces additional market power purchases to the point that the avoided emissions of the displaced market power equals the carbon emission of

the imported ACS power, leaving the same carbon reduction impact as if power with zero carbon emissions were imported.

6.3 Resource Adequacy

Preliminary estimates for RA requirements have been prepared based on forecasted load. These are shown in table 6.3 below.

Table 6.3. Estimated Resource Adequacy Volumes, MW

Estimated RA Requirements	2018											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total RA	-	-	-	-	-	200	236	216	182	125	87	92
Greater Bay Area	-	-	-	-	-	0	31	31	31	31	31	31
PG&E Other	-	-	-	-	-	0	48	48	48	48	48	48
System	-	-	-	-	-	200	158	137	103	46	9	14
Flexible	-	-	-	-	-	0	28	27	45	44	48	55

Estimated RA Requirements	2019											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total RA	91	83	82	113	158	229	239	214	180	126	89	93
Greater Bay Area	30	30	30	30	30	30	30	30	30	30	30	30
PG&E Other	47	47	47	47	47	47	47	47	47	47	47	47
System	14	6	4	35	80	151	161	137	103	49	12	16
Flexible	41	48	39	38	35	32	27	26	43	42	46	53

The above RA requirement estimates will be updated when VCEA receives its CPUC RA determination, which will be after VCEA files for this determination in early February, 2018.

6.4 CAISO Market Power

Because VCEA customers reside in the CAISO balancing authority, their load will be served physically by CAISO Market Power. VCEA is therefore subject to paying the price of at the Load Aggregation Point (LAP) where it is assumed to take power.

Day Ahead traders will analyze and create daily load forecast profiles. Forecasted hourly loads for VCEA will be bid into the CAISO Day Ahead market by 10am the prior day. All awards from the Day Ahead market will carry over to the real time market. Any deviations in VCEA's actual load from what is scheduled in the Day Ahead ~~to Real Time load~~ will pay or be paid at the Real Time market difference between prices in the DA and RT markets.

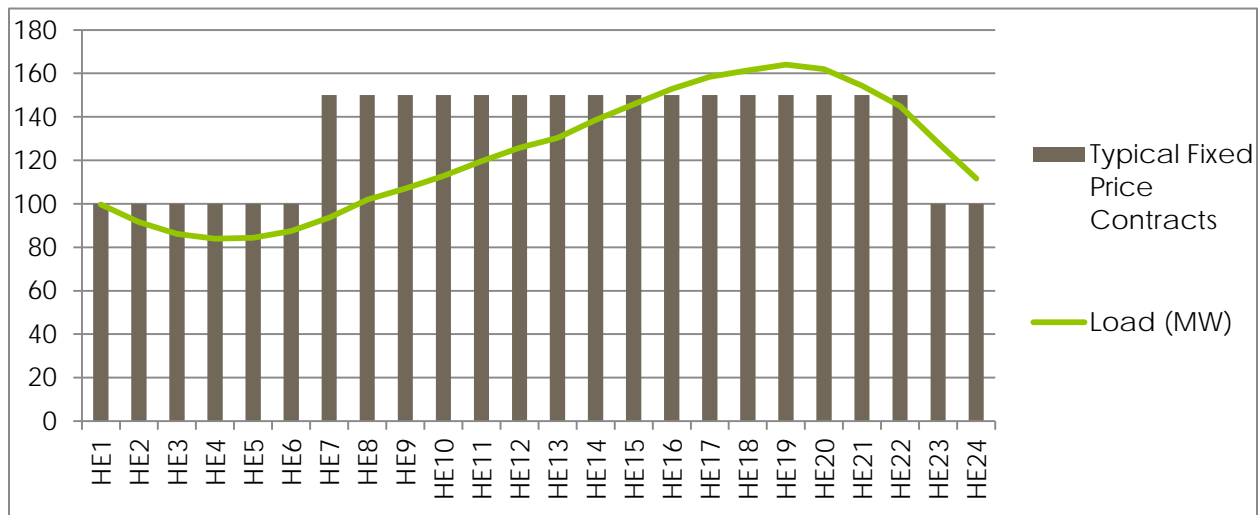
6.5 Hedging Products

Options to ~~minimize-mitigate~~ the price risk of the CAISO market include: 1. NP-15 Futures; 2. Fixed price delivery contracts; and, 3. Congestion revenue rights; ~~and~~, 4. ~~convergence bidding~~.

NP-15 Futures (Physical or Financial)

NP-15 futures allow a buyer to fix the price for specified forward periods at set volumes of energy delivery. This hedges against the volatility of ~~the~~ Day Ahead clearing prices in the CAISO market but does not protect against congestion and loss charges between the NP15 trading hub and VCEA's Load Aggregation Point. These futures products are traded in standard lots of 25MW for yearly, quarterly, monthly durations, for off and on-peak hours daily. While the futures contract can be designed such that the monthly energy equals the forecasted energy load for VCEA during that month, futures are typically at flat quantities across P_{peak} and/or non-P_{peak} hours, so the shape doesn't track VCEA's system load shape perfectly. This leaves VCEA short in some hours, and long in other hours, even though on a monthly basis the energy volume of the futures contract(s) equals VCEA's forecasted load. Figure 6.5 shows an example of how on a typical day, the standard futures contract could be structured to deliver the same energy quantity as forecasted for load. NP-15 futures can either be purely financial, or can involve the physical delivery of power.

Chart 6.1 Standard Futures Product vs. Load Profile



Bilateral Fixed Price Delivery Contracts (Physical or Financial)

With bilateral fixed priced delivery contracts, a buyer and seller can agree on a fixed price, duration, and point of delivery at any CAISO Aggregated Pricing Node or Physical Generator location. This approach fixes the energy price at the agreed delivery point but does not protect against congestion and losses between delivery point and VCEA's LAP. Fixed price delivery contracts can also be delivered and shaped into schedulable quantities on a daily basis in order to better match hourly fixed price energy delivery to VCEA load. This provides a more “perfect” hedge than flat on P_{peak} and off P_{peak} Financial Hedging instruments. Shapeable products

have a price premium as compared to non-shapeable products. Bilateral fixed price delivery contracts can either be purely financial, or can involve the physical delivery of power.

Congestion Revenue Rights

Sellers are not likely to enter fixed price contracts for delivery direct to load. Congestion Revenue Rights (CRR's) can be used to hedge against congestion between the point a ~~S~~seller supplies power (a "source" node) and location where ~~an entity~~the buyer has load (a "sink" node). The CRR owner for those respective source and sink nodes would be entitled to the congestion charges between the source and sink, as calculated by the CAISO. This would, in effect, offset the congestion charges incurred by the difference in price the buyer receives at source node and price ~~pays~~paid at the sink node. Holders of CRR's can also be obligated to incur charges if the congestion is in the opposite direction to the power flow they are intended to hedge against.

CRR's are made available to LSEs two ways: 1. Load Serving Entity allocation; and, 2. Through the CRR auction process conducted by the CAISO.

CRRs are limited in that they are designed to cover energy flows that are blocked into ~~O~~on-~~P~~peak and ~~O~~off-~~P~~peak periods. They are not shapeable.

6.6 Carbon Allowances

For large hydro ~~power~~ imported from the Northwest from any Asset Controlled Supplier, Carbon Allowances will ~~need~~ to be procured to offset the minimal carbon loading that comes with the power imported into California. Allowances will not be procured on a forward basis for the imported ACS ~~P~~power, but will be procured by SMUD on behalf of VCEA at quarterly CARB auctions.

7 Procurement Approach and Hedging Strategy

7.1 Load Assumed for Procurements

Retail Load

The initial load forecast for VCEA is shown in Attachment A. If all eligible PG&E customers were to join the VCEA program, the forecast of retail energy and capacity loads would be as shown in the two columns with the heading “Retail Load w/No Opt Outs.” However, the underlying assumption in the financial modeling and initial procurements is that 10% of potential VCEA customers choose to opt out of participation in the VCEA program. The resulting forecast of retail energy and capacity loads that will be procured for VCEA are shown in the two columns with the heading “Retail Load 10% Opt Outs.”

Renewable and clean energy resources will be procured as a percentage of ~~the~~ retail load, assuming ~~the~~ 10% opt-outs.

System Load

System Load is the wholesale load of VCEA. The System Load ~~for VCEA~~ is the Retail Load factored up for Distribution Losses. The ~~s~~System Load forecast of energy and capacity for VCEA is shown in the columns of Appendix A with the heading, “System Load.”

Procurement of ~~R~~resource ~~A~~adequacy and ~~P~~price ~~H~~hedging will be done on the forecast of system load also assuming 10% opt-outs.

Post Launch

After ~~Launch~~Launch, the amount of customers opting out will be better known. In July, 2018, an assessment of the actual opt outs will be performed and the load forecast will be adjusted accordingly. Any material short positions for 2018 supply will be covered with additional purchases of products in August pursuant to recommendtaions from SMUD and authorization from VCEA and the EROC.

The Following Sections Contain Commercially Sensitive/Confidential Information

7.2 Volumetric Risk

Information Redacted

Hedging Products

Information Redacted

Renewables

Information Redacted

Non RPS Carbon Free

Information Redacted

Resource Adequacy

Information Redacted

7.3 Market Price Risk

Information Redacted

Fixed Price Market Power

Information Redacted

Information Redacted

7.4 Locational Price Risk

Information Redacted

7.5 Procurement Timing for Hedging

Information Redacted

Appendix A Initial Load Forecast

Month	Retail Load w/No Opt Outs		Retail Load 10% Opt Outs		System Load		
	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Min, MW
June, 2018	47,056	209	42,351	188	40,822	197	3
July, 2018	97,239	238	87,515	214	91,777	225	67
August, 2018	91,432	219	82,288	197	86,296	206	68
September, 2018	75,290	194	67,761	174	71,061	183	59
October, 2018	64,363	140	57,927	126	60,748	132	54
November, 2018	58,852	105	52,967	94	55,547	99	52
December, 2018	61,853	110	55,668	99	58,379	104	53
January, 2019	61,992	108	55,793	97	58,510	102	53
February, 2019	53,515	102	48,163	92	50,509	96	53
March, 2019	57,570	97	51,813	88	54,336	92	48
April, 2019	59,272	127	53,344	114	55,942	120	48
May, 2019	72,854	166	65,569	150	68,762	157	57
June, 2019	86,449	233	77,804	210	81,594	220	70
July, 2019	97,802	239	88,022	215	92,309	225	69
August, 2019	91,390	216	82,251	194	86,257	204	68
September, 2019	75,678	190	68,110	171	71,427	180	60
October, 2019	64,547	139	58,092	126	60,921	132	55
November, 2019	58,756	105	52,880	95	55,455	99	52
December, 2019	62,219	109	55,997	98	58,724	103	54
January, 2020	61,917	109	55,726	98	58,440	103	53
February, 2020	55,278	103	49,750	92	52,173	97	54
March, 2020	57,731	99	51,958	89	54,489	93	47
April, 2020	59,409	126	53,469	113	56,072	119	50
May, 2020	72,570	160	65,313	144	68,494	151	58
June, 2020	87,377	232	78,639	209	82,469	219	67
July, 2020	98,096	239	88,287	215	92,586	226	71
August, 2020	91,042	217	81,938	195	85,928	204	68
September, 2020	75,645	191	68,081	172	71,396	181	61
October, 2020	64,003	139	57,603	125	60,408	131	55
November, 2020	58,834	105	52,951	94	55,529	99	52
December, 2020	62,724	109	56,451	98	59,201	103	56

Year	Retail Load w/No Opt Outs		Retail Load 10% Opt Outs		System Load		
	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Min, MW
2018	496,085	238	446,476	214	464,630	225	52
2019	842,044	239	757,840	215	794,746	225	48
2020	844,628	239	760,165	215	797,185	226	47

Appendix B ACS Power Volume Adjustment

Asset Controlling Supplier CO2 Emission Factors for 2018¹	
Asset Controlling Supplier	CARB-assigned Emission Factor
Bonneville Power Administration (BPA) ARB ID #4000	0.012000 tonnes/MWh
Powerex ARB ID #3101	0.025400 tonnes/MWh
Tacoma Power ARB ID #104567	0.015500 tonnes/MWh
Carbon Loading of Unspecified Power	
The standard CO2 emission rate for natural gas under U.S. Environmental Protection Agency and state regulations ²	0.053165 tonnesCO2/MMBtu
Market Heat rate ³	11,000 BTu/kWh
Market Power Carbon Emissions	0.584815 tonnes/MWh
ACS Power Requirement Adjustment, Assuming Supplier is Powerex	
Carbon Free Power Requirement	146,207 MWh
Volume Adjustment Factor for ACS, (CARB-Assigned Emission Factor/ Market Power Carbon Emissions)	4.3433%
ACS Power Requirement	152,557 MWh
Notes:	
1	https://ww2.arb.ca.gov/our-work/programs/mandatory-greenhouse-gas-emissions-reporting/acs
2	U.S. EPA Greenhouse Gas regulation, Subpart C, Table C-1 and C-2, http://ecfr.gpoaccess.gov/cgi/t/text/textidx?c=ecfr&sid=f095b41950528f0d4d3090382efcd1ce&tpl=/ecfrbrowse/Title40/40cfr98_main_02.tpl
3	Assumed

Appendix C Definitions

Asset Controlling Supplier (ACS)

Any supplier of energy from resources outside of California that are provided with a specific carbon loading associated with their specific generating resource or system power.

Commodity Price/Market Price

The price at which electricity, gas, capacity, and renewable attributes are bought and sold.

Congestion Revenue Right

Congestion Revenue Rights (CRR) are financial instruments used in the Day Ahead market to hedge the difference in price between two locations caused by congestion.

Counterparty

An entity to which an exposure to financial risk might exist.

Customer Load

A single customer's power usage that receives power from the electric system.

Day-Ahead

Refers to the following-day before actual power flow begins. For example, in the CAISO, the Day-Ahead market for Tuesday's flow date closes on Monday at 10am.

Energy Products

Means all commodities and commodity related products, both physical delivery and financial instruments, related to meeting the wholesale energy, regulatory, hedging, and or risk management needs of VCEA. The types of products include, but are not limited to: Energy; Capacity; Resource Adequacy; Local Capacity; System Capacity; Ancillary Services; Environmental Attributes (including but not limited to RECs, Carbon Allowances, and other required environmental attributes); Forwards; Futures; Swaps; Options; Congestion Revenue Rights; and other energy and commodity related products as needed.

Enterprise Risk Oversight Committee (EROC)

This is the committee, established in accordance with the VCEA Board Wholesale Energy Risk Management Policy Manual, initially adopted December 14, 2017, as it may be revised.

Financial Product

A contract in which the value is derived from an underlying physical commodity but which does not require physical delivery or receipt of the commodity.

Long Position

A long position means there is not an open or short position, and that excess supply exists. In addition, as load forecasts are updated, if an excess exists, that excess is also considered a long position. For the renewable power purchase example (see *Open Position*), if 60,000 MWhs has been procured for a 50,000 MWh need, a long position of 10,000 MWhs will exist.

Open Position

For any given timeframe, any commodity requirement that is unfilled is considered to be an open position. For instance, if there is a requirement to procure 50,000 MWhs of renewable power in a calendar year, until 50,000MWhs of renewable power purchases have been secured, there will be an open position equal to the remaining MWh value needed to reach 50,000 MWhs.

Physical Product

A contract which requires the seller to physically deliver, and the buyer to physically receive a given commodity.

Price Risk (or Market Price Risk)

Price Risk is the risk that prices for power are different than have been assumed for financial planning and budgeting. Price risk is hedged by procuring fixed-price forward contracts for power.

Portfolio

The aggregation of commodity related products (both physical and financial) procured to serve load and meet other policy goals.

Portfolio Manager

A core service provided by the WESP which broadly encompasses the responsibility for managing the purchase and sale of energy commodity related products in the commodity portfolio in an effort to serve load and meet other policy goals.

Real-Time

Refers to the actual day in which power flows. In the CAISO, the Real-time market opens at 1pm the day before flow date and closes for each hour 75 minutes prior to the start of scheduled flow.

Renewable Energy Certificate (REC)

A REC is evidence of the production equal to one megawatt-hour of generation from a certified renewable energy resource.

Retail Load

The summation of all customers' loads that receive power from the electric system.

Short Position

A short position is an open position. The volumetric value of a short position is determined by the shortfall in volume compared to the requirement. For the renewable power purchase example, if 30,000 MWhs of the 50,000 MWh requirement has been procured, a short position of 20,000 MWhs remains.

System Load

The summation of all customers' loads that receive power from the electric system. System Load includes applicable transmission and/or distribution losses.

Volumetric Risk

The effect of fluctuations in demand for load or for production of generation from a generator.

Western Renewable Energy Generation Information System (WREGIS)

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report

TO: Valley Clean Energy Alliance Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Michelle Yung, Sacramento Municipal Utility District (SMUD)

SUBJECT: Customer and Data Policies

DATE: January 11, 2018

RECOMMENDATION

Staff is requesting the Community Advisory Committee (CAC) recommend to the VCEA Board to adopt the attached Customer and Data Policies. The Customer Policy is consistent with what was communicated in the CPUC Implementation Plan submitted in October 2017.

Customer Policies including the following subsections:

- Terms and Conditions of Service: This policy covers applicable VCEA rates and billing policies as well as the policy around enrollments and opt-outs.
- Delinquent Accounts: This policy covers how overdue customer accounts will be handled by VCEA

Data Policies including the following:

- Privacy Policy: This policy covers the data collected by VCE, how it is used, and general security protections. It will also cover individual choice, children's privacy, cookies, and any third party providers that collect and analyze web usage.
- Security Breach Policy: This policy covers the response to security breach incidents involving VCEA sensitive and confidential data. It covers, definitions of covered information, security, incident handling, notification and auditing.

These policies adhere to industry standards and CPUC rules and will be made available to VCE customers on the VCE website for review at any time. Should CPUC rules change or the Board deems appropriate, the policies may be updated and approved by the VCE Board.

BACKGROUND AND ANALYSIS

At the January 18, 2018 VCEA Board meeting, VCEA staff will be recommending that the Board to adopt the attached Customer and Data Policies.

Customer Policies

CCAs in California have established standard Customer Policies for their customers to reference the Terms and Conditions of CCA service, enrollments and opt-outs. The proposed VCEA Customer Policies are consistent with the terms and conditions adopted by other CCAs within California and adhere to CPUC standards.

Data Policies

Information security is of paramount importance and the following policies have been drafted to ensure that the appropriate CPUC rules around data privacy and security breach are adhered to by VCEA and its third party contractors.

Privacy Policy

Valley Clean Energy Alliance (VCEA) is committed to protecting customer privacy, and as such complies with the California Public Utilities Commission's (CPUC) "Rules Regarding Privacy and Security Protections for Energy Usage Data" (found here: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M026/K531/26531585.PDF>).

The VCEA Privacy Policy provides more detail than that of some of the other CCAs, however, Staff believes the additional detail provides more transparency in terms of what VCEA does with the data collected and any third parties that may have access to this information.

Security Breach Policy

This Security Breach Policy has been developed to provide for a consistent response to security breach incidents involving VCEA sensitive and confidential customer data. The goal of this Policy is to ensure that VCEA responds appropriately to security breaches and ensures that the appropriate communications are taking place when necessary.

The VCEA Security Breach Policy will be administered by the selected Data Management Provider, Sacramento Municipal Utility District (SMUD).

CONCLUSION

Staff is seeking a recommendation from the Community Advisory Committee in support of Board adoption of the attached Customer and Data Policies.

ATTACHMENT A
Customer Policy

ATTACHMENT B

Data Policy



DRAFT

**Valley Clean Energy Alliance
Customer Policy**

1/5/2018

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1 Terms and Conditions of Service

1.1 Rates

VCEA generation rates are detailed on the Rates page of website. Any changes to rates will be adopted at duly noticed public meetings of the VCEA board of directors. Pacific Gas and Electric Company (PG&E) charges VCEA customers a Power Charge Indifference Adjustment (PCIA) and franchise fees. VCEA's rates are designed to be competitive with PG&E net of these fees. PG&E will continue to charge fees for delivering power to your home or business, and for providing various customer services. Please contact PG&E for more information about these charges.

1.2 Billing

Each month, VCEA customers receive a single monthly bill from PG&E, just as they would under PG&E service. This bill includes all recent electric charges, including VCEA's power generation charges. PG&E will continue to charge you for the services they provide. For your convenience, PG&E forwards the power generation portion of the bill due to VCEA when you pay your monthly bill. You'll receive just one bill and need to make a single payment each month to PG&E.

1.3 Enrollment

Valley Clean Energy Alliance is the default electric power provider within the cities of Davis, Woodland and Yolo County (excluding West Sacramento and Winters). When you begin a new electric service account in the City of Davis, Woodland or Yolo County (excluding West Sacramento and Winters) or transfer an existing account outside of VCEA territory to a new address in VCEA territory, you will be automatically enrolled in VCEA's Light Green program. You may choose to enroll in VCEA's UltraGreen service, which guarantees 100% clean, renewable energy service at competitive prices.

1.4 Opt-Out

You have the right to opt out of VCEA without penalty at any time prior to your service starting with VCEA or within 60 days after your VCEA service starts. If you opt out, you will still be charged for all electricity you used before the transfer of electric service. If you decide to opt back in to PG&E after the 60-day enrollment period, VCEA will charge a one-time administrative fee (\$5 residential and \$25 commercial); however VCEA will be waiving this fee for the first year of a customer's enrollment with VCEA. By opting out, you will also be subject to PG&E's then current rates, terms and conditions of service. For details on PG&E's rate, terms and conditions, please visit PGE.com. Accounts will be transferred at the beginning of the next billing cycle. In order for your request to be processed on your next billing cycle, your request must be received at least 5 business days prior to the end of the current billing cycle. To opt out, please call

VCEA or visit valleycleanenergy.org. Please have your electric bill handy so that we can process the request.

2 Delinquent Accounts

Valley Clean Energy Alliance (VCEA) customer accounts that are overdue will be sent a late payment notification by PG&E. If payment in full is not received following the late payment notification, the customer account may be returned to Pacific Gas and Electric Company (PG&E) generation service on the next account meter read date. Customers returned to PG&E are subject to applicable termination fees and may not return to VCEA service for a period of 12 months.



VALLEY
CLEAN ENERGY

DRAFT

Valley Clean Energy Alliance
Data Policy

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1 Privacy Policy

Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information

Valley Clean Energy Alliance (VCEA) is committed to protecting your privacy, and as such we comply with the California Public Utilities Commission's (CPUC) "Rules Regarding Privacy and Security Protections for Energy Usage Data" (found here:

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M026/K531/26531585.PDF>).

Data We Collect and How We Use It

We collect from Pacific Gas & Electric (PG&E) the following information regarding electricity customers within our jurisdictional territory : name, address, phone number, email address, account information, and electric usage information (collected from the customer's meter). This personal information is used only for core VCEA business, for example planning for and providing electricity, customer service, generating charges for your bill, and VCEA service improvement. Your personal data is only kept for as long as is necessary for business purposes.

As you use the VCEA web site, we collect information automatically sent to us by your browser, as well as information about your usage of the site. The links that are clicked on, the pages that are viewed, and time spent on the site are some of the usage statistics and information used in composing web site analytics and reports that help us measure the usefulness of our site. One of the pieces of data automatically sent to us is your IP address. Your IP address is an internet protocol address number automatically assigned to you when you're using the internet. It is logged by our servers and is used to provide web-related services for you, and analytics to VCEA. We do not associate your IP address with personal customer data that we receive from PG&E.

General Security Protections

As required by the CPUC, VCEA uses appropriate administrative, technical and physical safeguards to protect your information from unauthorized access, including: reasonable employee training, independent audits and annual reporting activities.

De-identified information

De-identified or aggregated information is not subject to privacy restrictions, and VCEA may use or share such information when the data is sufficiently de-identified or aggregated to the point where it is no longer personally identifiable.

Individual Choice and Access

VCEA will provide to you, upon request, access to your personal information collected by VCEA, which we can update or correct with your input.

VCEA only collects the minimum information needed to provide services to our customers. If you do not wish us to collect and store your information, we may not be able to deliver the associated service(s).

Children's privacy

We do not monitor or track the ages of the visitors to our website, but we realize that children under the age of 18 may be interested in the information offered on our website. We ask that parents monitor their children's use of our website and prohibit them from submitting personal information to our website.

California Do Not Track Disclosures

Your browser may have a "Do not track" setting, but unfortunately there is not yet a common understanding of how to interpret this signal, so VCEA's website does not currently respond to browser "Do not track" signals.

Cookies

The VCEA website uses cookies to enhance our customers' web browsing experience. Cookies are small text files placed temporarily on your computer by a web server. VCEA does not collect personal data from cookies, as they are only used to directly provide a customer friendly web experience.

Google Analytics and Web Service Providers

VCEA website may utilize web based third party service providers to collect and analyze web usage and traffic. These third parties are listed below with a description of why and how VCEA uses their services. They have their own privacy policies and may collect personal information in accordance with their own data collection policies and practices.

VCEA uses Google Analytics to improve our web-based service offerings, and in order to do that Google Analytics collects your device's IP address (rather than your name or other identifying information), and we do not combine the information collected through Google Analytics with any other information you or PG&E may have provided to us. Google cookies may be used to collect web site usage information such as how often users visit this site, what pages they visit, and what other sites they visited prior to coming to this site. Learn more about how we and Google use this information at <http://www.google.com/policies/privacy/partners/>.

Hotjar provides VCEA with a different kind of analytics than Google, but collects similar information. Hotjar cookies may be used, but VCEA does not combine the information collected through Hotjar with any other information you or PG&E may have provided to us. Learn more about Hotjar and their privacy practices at <https://www.hotjar.com/privacy>.

Third parties

In order to provide the services to which you have subscribed, VCEA may utilize third party service providers. VCEA holds these third parties to the same high privacy standards we have

set for ourselves. We only share with these entities the minimum amount of information necessary to provide the services we require of them, and they are not permitted to use the shared information for any other purpose.








In rare circumstances, VCEA may be forced to share your identifiable information with other third parties in accordance with CPUC rules and orders, as well as state and federal law. We may also need to do this during situations involving an imminent threat to life or property. Other than for these rare circumstances, VCEA will not release personal information about you to any other person or business for any secondary purposes without your written consent.

Effective date and updates

The effective date of this policy is [ENTER DATE]. A reminder notice of this policy will be provided on an annual basis to customers via an on-bill message guiding customers to the most updated version on our website at [LINK HERE]. We will communicate any changes through a prominently posted notice on our website and through the aforementioned annual notice to customers. Previous versions of this policy can be found at [LINK HERE].

Accountability

Customers having any questions or concerns regarding the collection, storage, use, or distribution of customer information, or who wish to view, inquire about, or dispute any customer information held by us or limit the collection, use, or disclosure of such information, may contact [ENTER PERSON AND CONTACT INFO HERE].

Type of Data Collected		General Data Practices		Data Sharing	
	contact: name, mailing address, email, or phone number		data retention: explicitly stated duration of retention for personal data collected		affiliates: affiliates and subsidiaries bound by the same privacy practices
	computer: IP address, browser type, or operating system		user control: users allowed to access and correct personal		contractors: third party contractors bound by the same privacy practices
	interactive: Browsing behavior or search history				

2 Security Breach Policy

Purpose

This Security Breach Policy (“Policy”) has been developed to provide for a consistent response to security breach incidents involving VCEA sensitive and confidential data. The goal of this Policy is to ensure that VCEA responds appropriately to security breaches and ensures that the appropriate communications are taking place when necessary.

Scope

This document is applicable to all directors, officers, and employees of VCEA and any other individual or entity acting for or on behalf of VCEA, whether operating inside or outside of the United States (collectively “Covered Persons”). Third parties, including but not limited to contractors, consultants, agents, intermediaries, and joint-venture partners, must be informed about this policy and agree to comply with its tenets.

Definitions

Covered Information: any usage information obtained through the use of the capabilities of Advanced Metering Infrastructure when associated with any information that can reasonably be used to identify an individual, family, household, residence, or non-residential customer, except that covered information does not include usage information from which identifying information has been removed such that an individual, family, household or residence, or non-residential customer cannot reasonably be identified.

Data Quality & Security

VCEA is committed to protecting the confidentiality, integrity, and availability of Covered Information. VCEA ensures, to the extent practicable, that collected information is accurate, relevant, timely, and complete in order to maintain as high a level of data quality as possible.

VCEA implements reasonable administrative, technical, and physical safeguards to protect Covered Information from unauthorized access, destruction, use, modification, or disclosure.

Security Systems and Monitoring

VCEA uses reasonable administrative, technical and physical safeguards and procedures, as well as state of the art security systems as detailed in the system security plan, to monitor its information systems for anomalies and security events that may indicate an incident or breach.

VCEA requires third party service providers to deploy industry standard security controls and perform adequate security status monitoring of the environment and systems used to support VCEA.

Incident Handling

When a security incident is believed to have been discovered, support staff will contact their supervisors and the contract manager (if applicable) in order to make management aware as soon as possible. Management will appoint an incident commander, who will be responsible for officially declaring an incident and directing the response (Incident Commander).

Upon determination that an unauthorized person obtained access to or compromised VCEA data or systems, the Incident Commander may direct staff to take the following actions, considering the nature of the event and the presence of any exigent circumstances:

- Assess the scope and character of the incident
- Document the details of the incident and VCEA's handling of the incident
- Begin an incident handling log
- Direct the acquisition, securing, and preservation of evidence
- Contain the incident
- Eradicate the cause of the incident
- Restore the integrity of the system/recover affected systems
- Mitigate the ability for the incident to reoccur/remediate any associated security vulnerabilities

Notification of Breach

Once VCEA has identified the type and scope of the information compromised or accessed by an unauthorized person, VCEA will notify the appropriate parties as described in the following sections.

VCEA Customers

Due to the nature of VCEA's work with its Customers, it is possible that PII related to a customer may be breached. If this occurs, VCEA will assess the need to contact the affected Customer or Customers. However, as VCEA does not collect the data elements that require mandatory breach notification in the state of California, it is not anticipated that notification will be required by law. Final determinations regarding mandatory breach notifications will be made by VCEA Legal Counsel.

Law Enforcement

If VCEA feels that the information is likely to be misused, or if it is believed to otherwise be a benefit by doing so, VCEA will contact local law enforcement, report the incident, and ask for a copy of the report. VCEA may also contact the local office of the Federal Bureau of Investigations (FBI).

If a law enforcement investigation is opened, VCEA will consult with the applicable agency or agencies regarding the timing and content of any required notifications to avoid compromising or impeding the investigation.

If law enforcement informs VCEA that notification would jeopardize its ability to conduct an investigation and requests that VCEA delay notification, such notice from law enforcement will be in writing and VCEA will delay notification for the period requested by law enforcement. If VCEA determines that the delay is patently unreasonable, VCEA will notify law enforcement that the applicable state agencies and individuals will be notified within a reasonable time frame.

CPUC

In the event of a breach affecting the Covered Information of more than 1,000 customers, VCEA will send a notification of the breach to the Executive Director of the CPUC within two weeks of the detection of a breach or within one week of notification by a third party of such a breach. VCEA will also send notification of a breach to the Executive Director of the CPUC if specifically requested by the CPUC.

Evaluation and Response

Once the incident has been confirmed to be resolved, the Incident Commander will also ensure the following actions take place:

- Report the findings and actions taken in response
- Conduct a lessons learned session to determine if response was appropriate and if additional changes are needed
- Recommend policy updates if necessary

Notification Language

The text of all notifications will be approved by VCEA management.

Notifications will contain all information and data elements that are required by law and will be distributed as prescribed by the same.

Accountability and Auditing

VCEA will file an annual report with the CPUC's Executive Director within 120 days of the end of the calendar year to notify the CPUC of all required notifications. The report will detail the number of demands for disclosure of customer data pursuant to legal process or situations of imminent threat to life or property. The report will also contain a description of all security breaches in the calendar year that affected Covered Information, the number of authorized third parties accessing Covered Information, as well as any known violations of or instances of non-compliance to CPUC rules or contractual provisions experienced in the calendar year, with a detailed description of each instance.

VCEA will make available to the CPUC upon request or audit:

- Privacy notices provided to customers
- Internal privacy and data security policies

- The categories of agents, contractors, and other third parties to which VCEA discloses customer information for a primary purpose (VCEA does not disclose customer information for secondary purposes)

VCEA will provide training on an annual basis to all employees with access to Covered Information. Training will cover topics such as privacy, information security and data quality.

VCEA will conduct an independent audit of its data privacy and security practices every three years or whenever required by the CPUC. The audit will monitor compliance with data privacy and security commitments, and VCEA will report the findings to the CPUC.