VALLEY
CLEAN ENERGY

Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, July 11, 2019 at 5:30 p.m.
City of Woodland Council Chambers
300 1st Street, Woodland, CA 95695

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 Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@valleycleanenergy.org.

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

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Board Members: Tom Stallard (Chair/City of Woodland), Gary Sandy (Vice Chair/Yolo County), Angel Barajas (City of Woodland), Don Saylor (Yolo County), Lucas Frerichs (City of Davis), and Dan Carson (City of Davis)

5:30 p.m. 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 Board 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 Board are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

CLOSED SESSION

4. **Conference with Legal Counsel – Existing Litigation**
   (Paragraph (1) of subdivision (d) of Section 54956.9)
   Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-300889(DM)

CONSENT AGENDA

5. **Approval of draft June 17, 2019 Special Regular Board Meeting and June 27, 2019 Special Board Meeting: Closed Session Minutes.**
6. **Receive 2019 Long Range Calendar.**

7. **Receive Financial Updates – May 31, 2019 (unaudited) financial statements.**
8. **Receive July 2, 2019 Regulatory Update provided by Keyes & Fox.**
9. **Receive Legislative Update.**
10. **Receive July 2, 2019 Customer Enrollment Update and Monthly Call Center Report as of June 23, 2019.**
11. **Receive Community Advisory Committee's June 27, 2019 Meeting Summary.**
12. **Approve Valley Clean Energy Employee Handbook update.**
13. **Approve Valley Clean Energy's final tariff sheets effective July 1, 2019.**

REGULAR AGENDA

14. **Presentation by Pacific Gas & Electric on residential time of Use (Informational)**
15. **Receive 2020 Integrated Resource Plan Overview (Informational)**
16. **Receive Second Quarter 2019 Procurement Update (Informational)**
17. **Receive Bi-annual Enterprise Risk Management (ERM) report. (Informational)**
18. **Board Member and Staff Announcements:** Action items and reports from member of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

    The VCEA Board of Directors will take a recess from their regular meeting schedule during the month of August 2019.

    The next VCEA Board meeting is scheduled for Thursday, September 12, 2019 at 5:30 p.m. at the City of Woodland, 300 1st Street, Woodland, CA 95695.

19. **Adjournment:** 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. VCEA public records are available for inspection by contacting Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. Agendas and Board meeting materials can be inspected at VCEA's offices located at 604 Second Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. The documents are also available on the Valley Clean Energy website located at: https://valleycleanenergy.org/about-us/meetings/

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Valley Clean Energy Alliance Board of Directors

FROM: Alisa Lembke, VCEA Board Clerk/Administrative Analyst

SUBJECT: Approval of Minutes from June 17, 2019 and June 27, 2019 Special Board Meetings

DATE: July 11, 2019

RECOMMENDATION

Receive, review and approve the attached draft Minutes from the June 17, 2019 and June 27, 2019 Special Board meetings.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
MONDAY, JUNE 17, 2019

The Board of Directors of the Valley Clean Energy Alliance duly noticed their special meeting scheduled for Monday, June 17, 2019 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 1st Street, Woodland, California 95695. Chairperson Tom Stallard established that there was a quorum present and began the meeting at 5:30 p.m. Chairperson Stallard announced that the Board will hear public comment after returning from closed session.

Board Members Present:	Tom Stallard, Gary Sandy, Lucas Frerichs, Don Saylor, Dan Carson,
Members Absent:	Angel Barajas

CLOSED SESSION: Conference with Legal Counsel – Anticipated Litigation	The Board adjourned their meeting to go into Closed Session at 5:32 p.m. The Board returned to their regular Agenda at 6:26 p.m. Chairperson Stallard reported that the Board had no reportable action out of closed session. Chairperson Stallard then moved on to the Consent Agenda.
Approval of Agenda	Chairperson Stallard accepted the Agenda as presented.
Public Comment	Chairperson Stallard opened the floor for public comment. There being none he moved on to the Consent Agenda.
Approval of Consent Agenda	Director Saylor moved to approve the Consent Agenda, Items 5 through 17, seconded by Director Frerichs. Motion passed unanimously with Director Barajas absent. The following consent items were approved:

5. draft April 11, 2019 Board Meeting Minutes;
6. receive 2019 Long Range Calendar;
7. receive Financial Updates – March 31, 2019 and April 30, 2019 (unaudited) financial statements;
8. receive June 7, 2019 Regulatory Update provided by Keyes & Fox;
9. receive Legislative Update;
10. receive June 6, 2019 Customer Enrollment Update and Monthly Call Center Report as of May 26, 2019;
11. receive Community Advisory Committee's April 25, 2019 and May 23, 2019 Meeting Summaries;
12. support the Community Advisory Committee's recommendation of positions on legislative bills (AB 56, AB 144, SB 520 and SB 288);
13. reappointed Yvonne Hunter (City of Davis), David Springer (Yolo County), and Mark Aulman (City of Woodland) to the Community Advisory Committee;

14. the extension of the waiving of opt-out fees for one more year;
15. approved via Resolution 2019-006 Task Order 6 to the Sacramento Municipal Utilities District (SMUD) Professional Services Agreement - expansion of Valley Clean Energy Alliance service to the City of Winters, California;
16. the extension of Consultant Donald Dame contract to expire June 30, 2020 and increase the contract amount by $18,000; and,
17. authorized Interim General Manager to enter into a legal services agreement to continue legal services with Harriet Steiner from Best, Best & Krieger as Valley Clean Energy's co-counsel.

Director Saylor commented about the re-appointments to the Community Advisory Committee (CAC) by thanking them for their service and assistance. Director Frerichs commented that at a later Board meeting, he would like to address the allocation of seats on the CAC.

New Rate Structure and Dividend Program Guidelines and Amendment 11 to Task Order 2 to SMUD Agreement / Resolution 2019-007

VCE Staff Lisa Limcaco reviewed slides, staff report and Amendment to Task Order 2 of the SMUD agreement.

Chairperson Stallard opened the floor for Board questions and discussion.

Questions and comments were made about the proposed New Rate Structure and Dividend Program Guidelines. Concerns were expressed on how the Dividend Program would be communicated to VCE's customers since it is different than the original percentage discount per kilowatt hour (kWh) that was provided for several months when VCE launch services in June 2018.

Director Frerichs made a motion to adopt the New Rate Structure and Dividend Program Guidelines and authorize Interim General Manager to approve and execute Amendment 11 to Task Order 2 to the SMUD Professional Services Agreement, seconded by Director Saylor.

General comments were made by the Board that the structure and strategy of this program were good, and that communicating this program via outreach will be very important. There were no public comments.

Motion passed unanimously via Resolution 2019-007 by the following vote:

AYES: Stallard, Sandy, Frerichs, Saylor, Carson
NOES: None
ABSENT: Barajas
ABSTAIN: None

Residential and non-residential Net Energy Metering (NEM)

VCE Staff Jim Parks reviewed with those present the background of VCE's Net Energy Metering (NEM) policy.

legacy accounts and Amendment 12 to Task Order 2 to SMUD Agreement / Resolution 2019-008	VCE Staff Lisa Limcaco reviewed PG&E 2019 ERRA approved by the California Public Utilities Commission (CPUC) and updated Performa. Mr. Parks reviewed enrollment method; Amendment 12 to Task Order 2 of the SMUD agreement; and, proposed changes to the existing NEM policy adopted on September 13, 2018. Chairperson Stallard opened the floor for Board questions and discussion. Questions and comments were made about energy costs and the work that occurred between VCE Staff and the CAC on making a recommendation to the Board. Chairperson Stallard opened the floor for public comment. Ms. Christine Shewmaker, speaking as a member of the community, provided support for enrolling NEM legacy customers. Ms. Yvonne Hunter, speaking as a member of the CAC and of the community, supports the enrollment of NEM legacy customers. Director Saylor made a motion to 1) enroll residential and non-residential Net Energy Metering (NEM) legacy accounts beginning January 2020; 2) approve a revision to the revised NEM Policy of September 13, 2018; and, 3) approve Amendment 12 to Task Order 2 of the SMUD Professional Services Agreement, seconded by Director Frerichs. Motion passed via Resolution 2019-008 by the following vote: AYES: Stallard, Sandy, Frerichs, Saylor, Carson NOES: None ABSENT: Barajas ABSTAIN: None
Fiscal Year 2019/2020 Operating Budget / Resolution 2019-009	VCE Staff Lisa Limcaco provided the Board and public with an updated Staff Report, resolution and proposed Fiscal Year 2019-2020 operating budget reflecting information provided in the June 10, 2019 Energy Resource Recovery Account (ERRA) compliance advice letter. Director Carson made a motion to approve the Fiscal Year 2019-2020 Operating Budget of $46.4 million of operating expenses, seconded by Director Sandy. /// /// ///

Motion passed unanimously via Resolution 2019-009 by the following vote:

AYES: Stallard, Sandy, Frerichs, Saylor, Carson
NOES: None
ABSENT: Barajas
ABSTAIN: None

Briefing on Public Safety Power Shutoff procedures approved by the California Public Utilities Commission

VCE Interim General Manager Mitch Sears provided a brief update of PG&E's Public Safety Power Shutoff (PSPS) notification of last Friday, June 7, 2019.

Approval of Amendment #1 to the VCE Wholesale Energy Risk Management Policy / Resolution 2019-010

VCE Staff Gary Lawson reviewed proposed amendment to the Wholesale Energy Risk Management Policy (WERMP). Mr. Lawson explained the policy credit exposure is what is being proposed to be amended.

Director Saylor made a motion to approve Amendment #1 to the Valley Clean Energy Wholesale Energy Risk Management Policy, seconded by Director Sandy.

Motion passed unanimously via Resolution 2019-010 by the by the following vote:

AYES: Stallard, Sandy, Frerichs, Saylor, Carson
NOES: None
ABSENT: Barajas
ABSTAIN: None

Update on Long Term Renewable Solicitation Short List

Mr. Lawson provided an update of the short list of the long-term renewable solicitation.

Board Member and Staff Announcements

Director Stallard asked VCE Staff Jim Parks to come up to the podium to receive an award from the Association of Engineers.

Chair Stallard informed those present that he met the President of River City Bank recently.

Mr. Sears informed those present that two (2) Senior Interns are coming on board at VCE – one starts tomorrow and one next week. They will be supporting the Director of Customer Care and Marketing in several projects.

Mr. Sears informed those present that VCE hosted CalCCA's quarterly meeting at VCE's administrative offices. A Board retreat is being scheduled for late September/October.

Chair Stallard informed those present that he will be attending along with VCE Staff Jim Parks will be attending the Business of Local Energy Symposium being held in Southern California later this week.

Jim Parks attend a Solar Energy Innovation Symposium in Colorado at the beginning of June where they discussed energy efficiency and challenges.

Mr. Sears informed those present that he met with Fresno Business Council about starting and operating a CCA.

Adjournment

Chairperson Stallard adjourned the meeting to the next meeting scheduled for Thursday, July 11, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, located at 300 1st Street, 2nd floor, Woodland, California.

Meeting was adjourned at 7:36 p.m.

Alisa M. Lembke
VCEA Board Secretary

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
THURSDAY, JUNE 27, 2019

The Board of Directors of the Valley Clean Energy Alliance duly noticed their special meeting for Thursday, June 27, 2019 at 10:30 a.m. at the Yolo County Board of Supervisors Chamber located at 625 Court Street, Woodland, California 95695. Chairperson Tom Stallard established that there was a quorum present and began the meeting at 10:30 a.m.

Board Members Present:	Tom Stallard, Gary Sandy, Don Saylor, Dan Carson, Lucas Frerichs
Members Absent:	Angel Barajas

Approval of Agenda	Don Director Saylor made a motion to approve the June 27, 2019 Special Board meeting (closed session) Agenda, seconded by Director Frerichs. Motion passed unanimously with Director Barajas absent.
Public Comment	Chairperson Stallard opened the floor for public comment. There being none, he adjourned the meeting into closed session.
CLOSED SESSION: Conference with Legal Counsel – Anticipated Litigation	The Board returned from closed session. Chairperson Stallard reported that the Board had no reportable action out of closed session.
Adjournment	Chairperson Stallard adjourned the meeting to the next regular meeting scheduled for Thursday, July 11, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, located at 300 1st Street, Woodland. Meeting was adjourned at 12:00 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting

Staff Report – Item 6

TO: VCEA Board

FROM: Mitch Sears, Interim General Manager

SUBJECT: Long Range Calendar 2019

DATE: July 11, 2019

Recommendation

Please find attached the Board and Community Advisory Committee long-range calendar for 2019.

VALLEY CLEAN ENERGY

2019 Meeting Dates and *Proposed* Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
~~January 10, 2019~~ January 23, 2019	**Board** WOODLAND	Special Meeting scheduled for ***Wednesday*, January 23rd**, at 5:30 p.m. at **Yolo County Board of Supervisors Chambers**, Woodland • Procurement Authority / Procure Energy for 2020 • Schedule of New Rate Structure / Rebate Program	• Action • Informational
January 24, 2019	**Advisory Committee** WOODLAND	Thursday, January 24th at City of Woodland Council Chambers, Woodland • Preliminary Discussion on New Rate Structure / Rebate Program (Dividend)	• Discussion / Formation of Task Group / timeline
February 14, 2019	**Board** DAVIS	• ERRA/PCIA/PG&E	• Discussion
February 28, 2019	**Advisory Committee** DAVIS	• New Rate Structure / Dividend Program – Draft Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Updated Outreach Plan / Videoconference with Green Ideals (marketing and outreach) • Task Groups – Present Tasks/Projects • Update on Regulatory Assistance Project	• Action: Draft Recommendation • Informational • Action: Approve plan / Introduction to Green Ideals • Informational • Informational
March 14, 2019	**Board** WOODLAND	• Preliminary FY19/20 Operating Budget (Regular) • New Rate Structure / Dividend Program – Review Preliminary Recommendation and Staff Report	• Review • Review and provide feedback
March 28, 2019	**Advisory Committee** WOODLAND	• New Rate Structure / Dividend Program – Finalize Recommendation • Net Energy Metering (NEM) Enrollment – Reassessment • Time of Use Rate Classes • Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report	• Action: Finalize Recommendation to Board • Discussion • Discussion • Information

		• Long Term Renewable Solicitation Short List • Ideas of Possible Local Programs	• Information • Information/Discussion
April 11, 2019	**Board** DAVIS	• Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report • Long Term Renewable Solicitation Short List	• Information • Information
April 25, 2019	**Advisory Committee** DAVIS	• Net Energy Metering (NEM) Enrollment – Reassessment – Finalize Report and Recommendation • New Rate Structure / Dividend Program – Finalize Report and Recommendation	• Action: Finalize • Action: Finalize
May 9, 2019 **Cancelled** due to a lack of quorum.	**Board** WOODLAND	• Net Energy Metering (NEM) Enrollment Reassessment CAC Recommendation and Information Presented • Residential Time of Use Rate Classes (PG&E Presentation) • New Rate Structure / Dividend Program • Long Term Renewable Solicitation Short List	• Informational • Informational • Action: Approve • Action: Approve
May 23, 2019	**Advisory Committee** WOODLAND	• PG&E Presentation on Residential Time of Use Rate Classes • Possible Local Programs • Net Energy Metering (NEM) Enrollment Reassessment Report – final review • Information related to 2019 Integrated Resource Plan Update	• Informational • Informational • Action • Informational
~~June 13, 2019~~ Monday, June 17, 2019- ***Special*** Mtg.	**Board** ~~DAVIS~~ Woodland	• Final Approval of FY19/20 Operating Budget • Net Energy Metering (NEM) Enrollment Reassessment Report from CAC • New Rate Structure / Dividend Program • Long Term Renewable Solicitation Short List • Extension of Waiver of Opt-Out Fees for one more year • Re/Appointment of Members to Community Advisory Committee	• Approval • Action • Action: Approve • Action • Action • Action
June 27, 2019	**Advisory Committee** DAVIS	• Residential Time of Use Rate Classes • Local Resource Development • Information related to 2019 Integrated Resource Plan Update • Local Energy and Efficiency Programs	• Discussion • Discussion • Discussion • Information/Discussion
July 11, 2019	**Board** WOODLAND	• Residential Time of Use – Presentation by PG&E	• Informational

July 25, 2019	**Advisory Committee** WOODLAND	• Residential Time of Use Rate Classes (Draft Report) • Local Resource and Program Development • Information related to 2019 Integrated Resource Plan Update • Rates and Services Task Group List of Priority Tasks	• Discussion • Information/Discussion • Discussion • Information/Discussion
~~August 8, 2019~~ Cancelled due to a lack of quorum	**Board** DAVIS	•	•
August 22, 2019	**Advisory Committee** DAVIS	• Residential Time of Use Rate Classes – Finalize Report and Recommendation • Local Resource Development • Revised Procurement Guide – Review	• Action: Finalize • Discussion • Discussion
September 12, 2019	**Board** WOODLAND	• Residential Time of Use Rate Classes Report • Discussion on River City Bank Revolving Line of Credit	• Information/Discussion • Discussion
September 26, 2019	**Advisory Committee** WOODLAND	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Review Draft Recommendation	• Discussion • Discussion
October 10, 2019	**Board** DAVIS	• Approval of FY18/19 Audited Financial Statements (James Marta & Co.) • Residential Time of Use Rate Classes • Update on Integrated Resource Plan • River City Bank Revolving Line of Credit	• Action • Action • Discussion • Discussion/Action
October 24, 2019	**Advisory Committee** DAVIS	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide- Review Draft Recommendation • Update on Integrated Resource Plan	• Discussion • Discussion • Information
November 14, 2019	**Board** WOODLAND	•	•
~~November 28, 2019~~ **Thanksgiving Holiday – need to reschedule**	**Advisory Committee** WOODLAND	• Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Finalize Recommendation to Board	• Discussion • Action: Recommendation to Board
December 12, 2019	**Board** DAVIS	• Election of Officers for 2020	• Nominations

December 26, 2019 **Need to reschedule**	**Advisory Committee** DAVIS	• Election of Officers for 2020 • Finalization of Committee Calendar Year End Report	• Nominations • Approve Report
January 9, 2020	**Board** WOODLAND	• Receive CAC Calendar Year End Report • Approve Revised Procurement Guide	• Receive Report • Action
January 23, 2020	**Advisory Committee** WOODLAND	• Review and Discuss Task Groups	• Discuss/Action

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Financial Update – May 31, 2019 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 2019

DATE: July 11, 2019

RECOMMENDATION:
Accept the following Financial Statements (unaudited):

1. For the period of May 1, 2019 to May 31, 2019 (with comparative year to date information) and Actual vs. Budget year to date ending May 31, 2019.

BACKGROUND & DISCUSSION:
The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending May 31, 2019.

<u>Financial Statements for the period May 1, 2019 – May 31, 2019</u>
In the Statement of Net Position, VCEA as of May 31, 2019 has a total of $6,574,971 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $549,665 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of May 31, 2019 $505,799 and $1,147,510 respectively for a grand total of $1,653,309. VCEA began paying SMUD for the monthly operating expenditures (starting with November 2018 expenditures) and repayment of the deferred amount of $1,522,433 over a 24-month period. VCEA began paying the Member agencies for the quarterly reimbursable

expenditures starting in March 2019 and repayment of the deferred amount of $556,188 over a 12-month period. The outstanding line of credit balance with River City Bank at May 31, 2019 totaled $1,976,610. At May 31, 2019, VCE's net position is $5,448,591.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $4,844,581 of revenue (net of allowance for doubtful accounts) of which $4,116,035 was billed in May and $814,845 represent estimated unbilled revenue (net April and May). The cost of the electricity for the May revenue totaled $3,069,539, which is higher than April 2019 due to timing of CAISO fees (credits) and increase in load due to the warmer weather in May. For May, VCEA's gross margin is approximately 36.64% and operating income totaled $1,463,024. The year-to-date change in net position was $6,872,444.

In the Statement of Cash Flows, VCEA cash flows from operations was $563,748 due to May cash receipts of revenues exceeding the monthly operating expenses.

Actual vs. Budget Variances for the year to date ending May 31, 2019

Below are the financial statement line items with variances >$25,000 and 5%:

Electric revenues - ($3,895,237) and (8%) - actual electric revenues are down from budget due to the mild summer weather which led to lower retail customer usage than forecasted load and the deferral of NEM customers until 2020.

Purchased Power – ($2,790,502) and (8%) – due to customer load is down due to decrease in electric revenues and deferral of NEM customers until 2020.

Labor & Benefits – ($349,262) and (28%) – the decrease is due to the budgeted Assistant general manager (AGM) position has not been filled. Beginning September 2018, SMUD's Task Order 4 was amended to have SMUD provide proxy AGM services which is included in Contract Labor.

Travel – (26,159) and (93%) – the decrease is due minimal travel for in-state conferences.

SMUD – Credit Support – ($79,442) and (14%) –due to the contracted amount is based on wholesale load which is down as explained in Purchased power explanation above.

SMUD – Wholesale Energy Services - $36,795 and 7% - due to additional costs related to LT renewable procurement and other services.

SMUD – Call Center – ($94,232) and (13%) – due to lower retail customers from the deferral of NEM customers.

Legal - $43,534 and 111% - due to the increase legal costs related to PG&E bankruptcy case in 2019.

Legislative/Regulatory – ($77,438) and (35%) – the decrease is due to no legislative expenditures incurred until February 2019 when VCE contracted for lobbying services.

Accounting Services – ($70,365) and (84%) – due to Yolo County's accounting department providing accounting services along with the VCE Director of Finance oversight which is ~$6,000/month less than an outside accounting firm's fees that were budgeted.

Audit fees – ($42,000) and (70%) – the decrease is due to the audit fees for the 2017/18 fiscal year were $18,000 due to only one month of operations compared to the budget of $60,000.

Marketing Collateral – ($93,786) and (48%) – the decrease is due to the selection of a new marketing firm made in November.

PG&E Data Fees – ($139,350) and (39%) – due to timing of the billing from PG&E and the deferral of the NEM customers that were included in the budget.

Contingency – ($431,039) and (100%) – due to the inclusion of 10% of operating expenses for contingency in the VCE budget.

Interest on RCB loan – ($381,570) and (79%) – due to lower outstanding Line of credit balance than originally budgeted.

Attachments:

1) Financial Statements (Unaudited) May 1, 2019 to May 31, 2019 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending May 31, 2019

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF MAY 1 TO MAY 31, 2019

(WITH COMPARATIVE YEAR TO DATE INFORMATION)

PREPARED ON JUNE 21, 2019

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
AS OF May 31, 2019
(UNAUDITED)

ASSETS		
Current assets:		
Cash and cash equivalents	$	6,574,971
Accounts receivable, net of allowance		3,853,407
Accrued revenue		2,370,130
Prepaid expenses		9,585
Inventory - Renewable Energy Credits		74,658
Other current assets and deposits		2,540
Total current assets		12,885,291
Restricted assets:		
Debt service reserve fund		1,100,000
Power purchase reserve fund		549,665
Total restricted assets		1,649,665
Noncurrent assets:		
Other noncurrent assets and deposits		100,000
Total noncurrent assets		100,000
TOTAL ASSETS	$	14,634,956
LIABILITIES		
Current liabilities:		
Accounts payable	$	474,722
Accrued payroll		3,650
Interest payable		98,571
Due to member agencies		505,799
Accrued cost of electricity		3,443,957
Other accrued liabilities		1,147,510
User taxes and energy surcharges		35,546
Line of credit		1,976,610
Total current liabilities		7,686,365
Noncurrent liabilities		
Loans from member agencies		1,500,000
Total noncurrent liabilities		1,500,000
TOTAL LIABILITIES	$	9,186,365
NET POSITION		
Net position:		
Restricted		
Local Programs Reserve	$	68,723
Unrestricted		5,379,868
TOTAL NET POSITION	$	5,448,591

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF MAY 1, 2019 TO MAY 31, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MAY 31, 2019	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 4,844,581	$ 44,262,955
TOTAL OPERATING REVENUES	4,844,581	44,262,955
OPERATING EXPENSES		
Cost of electricity	3,069,539	33,903,865
Contract services	194,518	2,088,429
Staff compensation	80,246	898,720
General, administration, and other	37,254	355,959
TOTAL OPERATING EXPENSES	3,381,557	37,246,973
TOTAL OPERATING INCOME (LOSS)	1,463,024	7,015,982
NONOPERATING REVENUES (EXPENSES)		
Interest income	4,780	32,287
Interest and related expenses	(9,008)	(175,825)
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,228)	(143,538)
CHANGE IN NET POSITION	1,458,796	6,872,444
Net position at beginning of period	3,989,795	(1,423,853)
Net position at end of period	$ 5,448,591	$ 5,448,591

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MAY 1 TO MAY 31, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING May 31, 2019	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 2,877,493	$ 40,895,123
Payments for security deposits with energy suppliers	-	500,000
Payments to purchase electricity	(1,863,288)	(32,771,917)
Payments for contract services, general, and adminstration	(369,330)	(1,942,566)
Payments for staff compensation	(81,127)	(789,479)
Net cash provided (used) by operating activities	563,748	5,891,161
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Draw of line of credit	-	4,376,610
Principal payments of Line of Credit to bank	-	(4,000,000)
Interest and related expenses	(9,551)	(138,810)
Net cash provided (used) by non-capital financing activities	(9,551)	237,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	4,780	32,287
Net cash provided (used) by investing activities	4,780	32,287
NET CHANGE IN CASH AND CASH EQUIVALENTS	558,977	6,161,248
Cash and cash equivalents at beginning of period	7,665,659	2,063,388
Cash and cash equivalents at end of period	$ 8,224,636	$ 8,224,636
Cash and cash equivalents included in:		
Cash and cash equivalents	$ 6,574,971	$ 6,574,971
Restricted assets	1,649,665	1,649,665
Cash and cash equivalents at end of period	$ 8,224,636	$ 8,224,636

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF MAY 1 TO MAY 31, 2019
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING MAY 31, 2019	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 1,463,024	$ 7,015,982
(Increase) decrease in net accounts receivable	(1,128,850)	(3,847,736)
(Increase) decrease in accrued revenue	(815,466)	454,360
(Increase) decrease in prepaid expenses	8,758	(9,585)
(Increase) decrease in inventory - renewable energy credits	60,788	361,929
(Increase) decrease in other assets and deposits	-	500,000
Increase (decrease) in accounts payable	24,529	337,247
Increase (decrease) in accrued payroll	(881)	2,026
Increase (decrease) in due to member agencies	(108,097)	(28,840)
Increase (decrease) in accrued cost of electricity	1,145,463	770,018
Increase (decrease) in other accrued liabilities	(62,748)	310,216
Increase (decrease) in user taxes and energy surcharges	(22,772)	25,544
Net cash provided (used) by operating activities	$ 563,748	$ 5,891,161

VALLEY CLEAN ENERGY
ACTUAL VS. BUDGET FYE 6-30-2019
FOR THE YEAR TO DATE ENDING May 31, 2019

Description	5/31/2019 YTD FY2019 Actuals	5/31/2019 YTD FY2019 Budget	YTD Variance	% over/-under
Electric Revenue	$ 44,262,955	$ 48,158,192	$ (3,895,237)	-8%
Interest Revenues	32,288	80,633	(48,345)	-60%
		-		
Purchased Power	33,903,865	36,694,367	(2,790,502)	-8%
Labor & Benefits	898,719	1,247,981	(349,262)	-28%
Salaries & Wages/Benefits	305,795	688,999	(383,205)	-56%
Contract Labor	582,559	547,817	34,743	6%
Human Resources & Payroll	10,365	11,165	(800)	-7%
Office Supplies & Other Expenses	104,817	162,910	(58,093)	-36%
Technology Costs	7,683	20,700	(13,017)	-63%
Office Supplies	1,714	1,110	604	54%
Travel	1,841	28,000	(26,159)	-93%
CalCCA Dues	91,774	102,000	(10,226)	-10%
Memberships	1,805	11,100	(9,295)	-84%
Contractual Services	2,088,430	2,484,026	(395,595)	-16%
LEAN Energy	3,996	12,000	(8,005)	-67%
Don Dame	10,230	3,000	7,230	241%
SMUD - Credit Support	491,404	570,846	(79,442)	-14%
SMUD - Wholesale Energy Services	553,795	517,000	36,795	7%
SMUD - Call Center	615,499	709,731	(94,232)	-13%
CirclePoint	54,915	72,801	(17,886)	-25%
Legal	82,734	39,200	43,534	111%
Legislative/Regulatory	142,962	220,400	(77,438)	-35%
Accounting Services	12,968	83,333	(70,365)	-84%
Audit Fees	18,000	60,000	(42,000)	-70%
Marketing Collateral	101,928	195,714	(93,786)	-48%
Rents & Leases	15,640	33,900	(18,261)	-54%
Hunt Boyer Mansion	15,640	8,400	7,240	86%
Future Office Space	-	25,500	(25,500)	-100%
Other A&G	226,227	376,070	(149,842)	-40%
PG&E Data Fees	218,741	358,092	(139,350)	-39%
Community Engagement Activities & Sponsorships	601	11,040	(10,439)	-95%
Green-e Certification	-	2,750	(2,750)	-100%
Banking Fees	6,885	4,188	2,697	64%
Miscellaneous Operating Expenses	9,274	5,500	3,774	69%
Contingency	-	431,039	(431,039)	-100%
TOTAL OPERATING EXPENSES	$ 37,246,972	$ 41,435,792	$ (4,188,820)	-10%
Interest Expense - Munis	49,100	43,770	5,329	12%
Interest on RCB loan	100,782	482,352	(381,570)	-79%
Interest Expense - SMUD	22,615	17,696	4,919	28%
NET INCOME	$ 6,872,444	$ 6,259,215	$ 613,229	10%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: July 11, 2019

Please find attached Keyes & Fox's June 2019 Regulatory Memorandum dated July 2, 2019, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated June 7, 2019

KEYES&FOX LLP

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance ("VCE") Board of Directors

From: Tim Lindl, Partner, Keyes & Fox LLP
Sheridan Pauker, Partner, Keyes & Fox, LLP
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: July 2, 2019

Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE's Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

In summary, this month's report includes regulatory updates on the following priority issues:

- **Integrated Resource Planning Rulemaking:** Commissioner Randolph and the judge issued a Ruling establishing the procurement track. The Ruling seeks comments on a proposal to require LSEs including VCE to procure their proportionate shares of 2,000 MW of new peak capacity statewide from resources on-line by August 1, 2021. It would also require SCE to procure 500 MW from existing resources that do not have a contract beyond 2021 for contract terms of 2-5 years, with costs spread across all LSEs, including VCE, via the Cost Allocation Mechanism non-bypassable charge.
- **Renewables Portfolio Standard Rulemaking:** Retail sellers like VCE filed their RPS Procurement Plans. Comments on the plans are due July 19. The CPUC also issued D.19-06-023, which continues the previously established "straight line" methodology to determine RPS requirements for years in between the statutory target years.
- **Resource Adequacy Rulemaking:** The CPUC adopted a revised Proposed Decision establishing local capacity requirements for 2020-2022 and flexible capacity requirements for 2020, while making other refinements to the Resource Adequacy program.
- **Wildfire Cost Recovery Methodology Rulemaking:** At its June 27, 2019, meeting, the CPUC adopted a Decision establishing the criteria and methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay, but provided that the Stress Test cannot be applied to a utility such as PG&E that has filed for Chapter 11 bankruptcy protection.
- **Utility Wildfire Mitigation Plans Rulemaking:** Commissioner Picker and the judge issued a Ruling launching Phase 2 of this proceeding, which will examine evaluating Wildfire Mitigation Plan effectiveness, among other issues.
- **Investigation into PG&E's Organization, Culture and Governance:** The CPUC issued D.19-06-008, requiring safety-related experience information on PG&E board members. On the same

day, Commissioner Picker and the judge issued a Ruling requesting comments on a series of proposals for improving PG&E's safety culture.

- **Power Charge Indifference Adjustment Rulemaking:** Working Group One (Benchmark True-Up and Other Benchmarking Issues) held a meeting, and on July 1, 2019, Working Group One co-leads submitted a second Final Report. The Protect Our Communities Foundation filed a motion requesting an evidentiary hearing on Working Group One's first Final Report. Working Group Three (Portfolio Optimization) filed a progress report.
- **PG&E's 2019 Energy Resource Recovery Account Forecast:** Energy Division partially approved PG&E's Advice Letter implementing the 2019 ERRA Forecast revenue requirement, but rejected PG&E's true-up calculation of the 2018 PCIA rates to reflect 2018 brown power costs and revenues. The approved amount of the PCIA refund related to the brown power true-up is approximately $79.1 million, which exceeds the $36.3 million originally calculated by PG&E.
- **2018 Rate Design Window:** The judges issued a Proposed Decision (PD) in Phase IIB pertaining to SCE's and PG&E's respective proposals for the implementation of default TOU rates for residential customers, as well as some other related rate proposals.
- **PG&E's 2020 Energy Resource Recovery Account Forecast:** There are no updates this month.
- **PG&E's 2018 Energy Resource Recovery Account Compliance:** There are no updates this month.
- **PG&E's Phase 1 General Rate Case:** There are no updates this month.
- **Other Regulatory Developments:**
    - **SB 237 Direct Access Rulemaking:** The CPUC issued a Proposed Decision (PD) granting a Petition for Modification (PFM) of D.19-05-043, which specified the implementation details for a 4,000 GWh increase in the direct access enrollment cap as required by SB 237 of 2018.

Integrated Resource Planning (IRP) Rulemaking

On June 14, 2019, VCE and most other CCAs filed Advice Letters updating their 2018 IRP with best available estimates of emissions of particulate matter associated with all emitting resources used to serve load, including system power. On June 20, 2019, Commissioner Randolph and the judge issued a Ruling establishing the procurement track of the IRP docket, as anticipated in D.19-04-040 and requesting comments on the framing and structure of this track, as well as potential reliability issues and associated proposals.

- **Background**: In the CPUC's IRP process, it adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. VCE submitted its IRP on August 1, 2018, and its next IRP filing is due May 1, 2020.

  In May 2019, the CPUC issued D.19-04-040, which rejected an aggregation of each of the LSEs' IRPs (the Hybrid Conforming Portfolio) as the statewide PSP, adopting instead a modified version of the Reference System Plan adopted in D.18-02-018 as its PSP. D.19-04-040 opened a new "procurement track" of the proceeding to determine how LSEs are to procure resources to satisfy the PSP by 2030. Specifically, the decision clarifies that the priorities for this track will be to (1) develop mechanisms for a "backstop" procurement in the event an LSE or LSEs fail to procure resources identified in their IRPs, and (2) address procurement that may require collective action. The Decision said some CCAs' "attitude[s]" regarding the IRP process was "[v]ery concerning."
- **Details**: The Ruling prioritizes procurement by resource type/attribute, as follows: (1) near to medium-term integration and reliability (high priority, defined later as needed in 2019-2024); (2) renewables (medium priority); and (3) long-term reliability (low priority). Notably, the Ruling proposes to require LSEs to procure their proportionate shares of 2,000 MW of new peak

capacity statewide from resources on-line by August 1, 2021. That determination is based on a Staff analysis of resource availability, which has not been subject to vetting by parties, that found that by 2021 there could be a shortage in System RA whereby bilateral RA market could be relying on up to 8,800 MW of imports to meet system peak (double the historic use of imports for system resources and almost as much as is actually available). The increased need for imports stems from the closure of once-through cooling (OTC) units in 2020, a shift in the peak from August to September, retirements, and proposed reductions in the August effective capacity values for both solar and wind. The Ruling recommends a series of solutions for meeting 2021 RA needs, including additional renewables procurement; additional storage and demand response procurement; extending OTC closure timelines until new procurement is authorized or online; and authorizing procurement of existing mothballed or potentially departing units. The May 2020 IRP filings by LSEs would have to address how an LSE would meet the requirement to procure their share of this additional 2000 MWs, including appropriate documentation (e.g., completed CAISO interconnection study, complete environmental review).

In addition, the Ruling also separately proposes that SCE be required to solicit 500 MW from existing resources that do not have a contract beyond 2021 for contract terms of 2-5 years, with costs spread across all LSEs with RA obligations (not only those in SCE's territory), including VCE, via the Cost Allocation Mechanism non-bypassable charge.

- **Analysis**: The procurement track of this proceeding could potentially diminish VCE's authority and control over its resource procurement decisions, although the scope of centralized procurement is now limited to establishing a procurement backstop mechanism and procurement of resources requiring collective action.

  In addition to this procurement track, this proceeding is focused on addressing other issues that will be relevant to VCE's 2020 IRP filing. VCE will be required to disclose additional contractual and development status of its resource choices in its 2020 IRP filing, as well a section describing its plans to address the retirement of the Diablo Canyon Generation Plant and the characteristics of its energy output, including flexible baseload and/or firm low-emission energy.

- **Next Steps**: Comments on the Ruling are due July 15, 2019, and replies are due July 25, 2019. VCE must make a separate filing by August 16, 2019, including the contractual status and the development status of each resource. CPUC staff will develop the exact data request format and template, and will also subsequently produce a public progress chart about the contractual and project status data submitted by LSEs. The CPUC is also expected to issue a new Order Instituting Rulemaking on the 2019-2020 IRP cycle in 2019.

- **Additional Information**: Ruling (June 20, 2019); D.19-04-040 on 2018 IRPs and 2020 IRP requirements (May 1, 2019); Docket No. R.16-02-007.

Renewables Portfolio Standard (RPS) Rulemaking

On June 21, 2019, retail sellers like VCE filed their 2019 RPS Procurement Plans. Parties also filed comments earlier in June on a Proposed Decision (PD) on the implementation of SB 100, which increased the state's RPS target to 60% of retail sales by 2030, with interim targets of 44% by 2024 and 52% by 2027. On June 28, 2019, the CPUC issued D.19-06-023, approving the PD.

- **Background**: In February 2019, the CPUC issued D.19-02-007, approving RPS Procurement Plans filed in 2018 by retail sellers, including VCE. Remaining issues to be addressed in this proceeding are threefold: (1) implementing existing and new statutory requirements (*e.g.,* SB 100) that are mandated or may be mandated during the course of this proceeding; (2) continuing and completing specific tasks identified in R.15-02-020 (the now-closed previous RPS docket), but not completed prior to the issuance of this new Order Instituting Rulemaking (OIR); and (3) continuing, monitoring, reviewing, and improving elements of the RPS program that have previously been put in place, including identifying additional program elements that could be developed. A Ruling issued in April 2019 identified 2019 RPS Procurement Plan filing requirements for all retail sellers, including VCE.

- **Details**: Retail sellers filed 2019 RPS Procurement Plans, with parties now able to file comments on the Plans. The CPUC required CCAs to provide substantial additional information in their RPS Procurement Plans in 2019 compared to 2018.

  D.19-06-023 continues the existing "straight line" method for establishing the specific MWh target quantities (RPS procurement quantity requirements) for years in between the statutory target years. However, as in past years, compliance is only measured for the entire multi-year compliance period (e.g., 2017-2020, 2021-2024, etc.). The PD also elects to continue the 60% target for the 2031-2033 compliance period.

- **Analysis**: The PD's approach to implementing SB 100 was expected and unlikely to be seen as controversial, as it continues the methods and approach it previously established for compliance related to RPS targets (i.e. the "straight-line" method).

  Remaining issues to be addressed in this proceeding could also impact RPS compliance obligations and above-market costs for the PCIA calculation. For instance, the April 2019 Ruling proposed a process that would allow LSEs like VCE to forgo filing a separate RPS Procurement Plan in 2020 by using its 2020 IRP filing instead.

- **Next Steps**: Comments and reply comments, respectively, on RPS Procurement Plans are due July 19, 2019 and August 2, 2019. Motions requesting an evidentiary hearing are due August 2, 2019. Motions to update RPS Procurement Plans are due August 23, 2019.

  Comments on the Joint Utilities' information-only TOD proposal are due June 18, 2019, and reply comments are due June 28, 2019.

- **Additional Information**: D.19-06-023 on implementing SB 100 (May 22, 2019); Ruling extending procedural schedule (May 7, 2019); Ruling identifying issues, schedule and 2019 RPS Procurement Plan requirements (April 19, 2019); PG&E Final, Conforming 2018 RPS Procurement Plan (March 15, 2019); D.19-02-007 (February 28, 2019); Ruling requesting comments on SB 100 implementation (February 11, 2019); Scoping Ruling (November 9, 2018); R.18-07-003.

Resource Adequacy (RA) Rulemaking

On June 10, 2019, parties filed informal comments in response to questions posed at the Track 2 Central Buyer workshops held in May. On June 13, 2019, and June 18, 2019, respectively, parties filed comments and reply comments on a Track 3 Proposed Decision (PD). On June 24, 2019, parties filed responses to a Petition for Modification of the Track 2 Decision, D.19-02-022, filed by the Alliance for Retail Energy Markets (AReM) in May. At its June 27, 2019 meeting, the CPUC approved a revised Track 3 PD, which will be D.19-06-026 (the final written decision was not available at the time of this writing).

- **Background**: This proceeding has three tracks, and is currently focused on remaining central buyer issues in Track 2 and on Track 3. Track 1 addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed. In Track 2, the CPUC adopted multi-year Local RA requirements and declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019). As ordered by D.19-02-022, parties are holding workshops and filing informal comments in 2019 to further address the development of a Local RA central buyer mechanism, with the CPUC indicating it would act by late 2019 if parties did not come to a consensus. It is our understanding that settlement negotiations are underway with respect to these issues. In addition, two Petitions for Modification (PFM) of D.19-02-022 are currently pending:
  - In March 2019, Shell Energy filed a PFM, requesting changes to two components of the decision: (1) the establishment of the multi-year RA requirements even though the CPUC did not designate a central procurement entity, and (2) RA reporting by the Energy Division of LSE-specific resources. The PFM is currently pending.

- In May 2019, AReM filed a PFM, taking issue with that Decision's direction to disaggregate the local RA areas collectively called "PG&E Other," which are six separate local capacity areas in Northern California that have been previously aggregated for procurement and compliance purposes. AReM requests that the CPUC modify the D.19-02-022 to ensure that LSEs holding local RA contracts for resources in PG&E Other for years 2020 and beyond executed prior to the effective date of the Decision can fully utilize them for RA compliance for the duration of the original contract term.

- Track 3 of the proceeding addresses further refinements to the RA program.
- **Details**: D.19-06-026 adopts CAISO's recommended 2020-2022 Local Capacity Requirements and CAISO's 2020 Flexible Capacity Requirements and makes no changes to the System capacity requirements. It establishes an IOU load data sharing requirement, whereby each non-IOU LSE would annually request data by January 15 and the IOU would be required to provide it by March 1. It also adopts the Energy Division's "binding notice of intent" proposal such that an LSE's initial load forecast (with CEC load migration and plausibility adjustments based on certain threshold amounts and revisions taken into account) becomes a binding obligation of that LSE, regardless of additional changes in an LSE's implementation to new customers. However, the CPUC has renamed this the "Binding Load Forecast" process to avoid confusion. In addition, the Decision makes a number of changes to the RA penalty structure and waiver process. It also allows load migration to be the only reason for differences between initial and final year ahead load forecasts. Finally, the Decision eliminates the Path 26 constraint and directs the Energy Division to convene a working group on counting methodologies for hydro and use-limited fossil resources with the expectation that the group will submit a proposal into the RA proceeding in early 2020.
- **Analysis**: The D.19-06-026 declines to adopt numerous changes to the RA process requested by CCAs to increase transparency, accountability and market efficiency. Instead, it adopts several modest reforms that generally keep in place the current RA framework and process.

  D.19-02-022 affected VCE's Local RA compliance obligations beginning in 2020 by requiring procurement over a three-year period instead of an annual period. The design, scope, and implementation timeline of a RA central procurement entity remains uncertain. Moving to a central procurement entity would impact VCE's ability to procure some or all Local RA on its own behalf. If pending petitions for reconsideration by Shell or AReM are granted, VCE's Local RA compliance obligations could be further impacted.
- **Next Steps**: In Track 2, a final decision regarding the central buyer is anticipated for Q4 2019. The Energy Division will convene a working group in 2019 to develop a proposal to file in this proceeding by early 2020.
- **Additional Information**: D.19-06-026 adopting local and flexible capacity requirements (adopted June 27, 2019); AReM Petition for Modification (May 24, 2019); Final Flexible Capacity Needs Assessment (May 15, 2019); Final Local Capacity Technical Analysis (May 1, 2019); Shell Energy Petition for Modification of D.19-02-022 (March 18, 2019); D.19-02-022 (March 4, 2019); Docket No. R.17-09-020.

Wildfire Cost Recovery Methodology Rulemaking

On June 13, 2019, and June 18, 2019, respectively, parties filed comments and reply comments on a May 2019 Proposed Decision (PD). At its June 27, 2019, meeting, the CPUC adopted the PD, which establishes criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (i.e., borne by shareholders rather than ratepayers). The Decision, which had not yet been issued at the time of this writing, also closes this proceeding.

- **Background**: SB 901 requires the CPUC to determine, when considering cost recovery associated with 2017 California wildfires, that the utility's rates and charges are "just and reasonable." In addition, and notwithstanding this basic rule, the CPUC must "consider the electrical corporation's financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service." Costs that would ordinarily be disallowed as not being "just and reasonable" may not exceed this maximum amount. This proceeding will implement the provisions of SB 901 by adopting criteria and a methodology for use by the CPUC in future applications for cost recovery of wildfire costs. The OIR will not adopt a specific financial outcome for purposes of cost recovery in a future wildfire cost recovery application by a utility. Furthermore, the scope of this proceeding does not include the consideration of cost recovery for any specific wildfire.

- **Details**: D.19-06-027 first notes that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility's financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019 Staff Proposal, with some modifications. The framework is targeted at requiring a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.
- **Analysis**: This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps**: This proceeding is now closed.
- **Additional Information**: D.19-06-027 (adopted June 27, 2019); Assigned Commissioner's Ruling releasing Staff Proposal (April 5, 2019); Scoping Memo and Ruling (March 29, 2019); Order Instituting Rulemaking (January 18, 2019); R.19-01-006. *See also* SB 901, enacted September 21, 2018.

Utility Wildfire Mitigation Plans Rulemaking

On June 14, 2019, Commissioner Picker and the judge issued a Ruling launching Phase 2 of this proceeding.

- **Background**: This proceeding implements electric utility Wildfire Mitigation Plans pursuant to SB 901 (2018). PG&E's Wildfire Mitigation Plan, approved with modifications in June 2019 (D.19-05-037), provided an expanded use by PG&E of its Public Safety Power Shutoff (PSPS) program to prevent wildfires from occurring during extreme weather events and dry vegetation conditions, with the number of electric customer premises potentially impacted by PSPS events increasing year-over-year from 570,000 to 5.4 million. The Plan also included increasing vegetation management (removing 375,000 trees in 2019, up 235% from 2017); more frequent inspections of transmission and distribution system infrastructure; 150 circuit miles of system hardening (*e.g.*, undergrounding power lines); enhanced situational awareness through additional weather stations and cameras; and resilience zones. PG&E planned to use pre-installed interconnection hubs (PIH), to be able to quickly and safely connect temporary mobile generation to energize an isolated Resilience Zone to provide service to central community resources like grocery stores when PG&E de-energizes power lines in the area due to wildfire risk conditions. PG&E suggested that the PIHs could evolve into Resilience Zone Microgrids over time, as preferred resource combinations begin to meet technical requirements, and as PG&E's capability to operate these systems matures.

  The CPUC's separate June 2019 Guidance Decision (D.19-05-036), addressing issues that are common to all of the Wildfire Mitigation Plans, ordered all IOUs to collect data and file reports on this year's Wildfire Mitigation Plans, initiated a process to establish metrics to evaluate the Wildfire Mitigation Plans, and established a process for 2020 Wildfire Mitigation Plans. It rejected as incorrect the IOUs' assertion that substantial compliance with their Wildfire Mitigation Plans ensures cost recovery, finding that cost recovery issues are reserved for consideration in the IOUs' General Rate Cases. D.19-05-036 directed CPUC's Safety and Enforcement Division to initiate a process beginning in Fall 2019 to work with all stakeholders to develop a common template for tracking key metrics.

- **Details**: Phase 2 will kick off the process contemplated in SB 901 for evaluation of the effectiveness of the current Wildfire Mitigation Plans. The Ruling requests comments on Phase 2 and provides further detail on topics planned to be addressed, including specifying the goals of the forthcoming workshops to be conducted on the CPUC's Safety and Enforcement Division, which will include establishing metrics, with corresponding templates, to evaluate the effectiveness of Wildfire Mitigation Plans; a process for conducting review of the next WMP filings; and discussing additional languages to use when utilities conduct related outreach to customers.
- **Analysis**: PG&E's Wildfire Mitigation Plan established its management approach to preventing wildfires in the future and included provisions impacting the quality of service experienced by VCE customers (*e.g.,* PG&E's procedures for de-energizing electrical lines) and costs paid by VCE customers (*e.g.,* PG&E's expenditures related to maintaining its transmission and distribution systems are paid by all distribution customers, including VCE customers). While wildfire plans can influence the approach and investments made by utilities like PG&E to mitigate the risk of catastrophic wildfires, cost recovery issues are generally outside the scope and will be separately addressed through utility GRCs.
- **Next Steps**: PG&E is required to file a Tier 1 Advice Letter by July 5, 2019, specific to its Wildfire Mitigation Plan that articulates a plan for communicating the fire and weather data and modeling information from its Wildfire Safety Operations Center in real time during potential or actual emergency events to affected agencies, governments, and first responders. In addition, all entities filing Wildfire Mitigation Plans must file a report by July 30, 2019 on data collection that includes proposed metrics for assessing their results. Phase 2 comments, including comments on the reports filed on July 30, 2019, as well as PG&E's second amended Wildfire Mitigation Plan filed in late April 2019 that the CPUC did not yet act on, are due August 21, 2019. A prehearing conference to consider the scope and schedule of Phase 2 is scheduled for August 28, 2019. The CPUC's Safety and Enforcement Division is authorized to convene workshops, tentatively scheduled for September 17, 18, and 19, 2019, for the purpose of initiating the 2020 Wildfire Mitigation Plan process.
- **Additional Information**: Ruling launching Phase 2 of proceeding (June 14, 2019); AL 5555-E establishing Wildfire Plan Memorandum Account (June 5, 2019); D.19-05-037 PG&E-specific decision on 2019 Wildfire Mitigation Plan (June 4, 2019); D.19-05-036 Guidance Decision on 2019 Wildfire Mitigation Plans (June 3, 2019); PG&E Second Amendment to Wildfire Mitigation Plan (April 25, 2019); PG&E Wildfire Mitigation Plan (February 6, 2019); Ruling on independent evaluator (January 30, 2019); Scoping Memo and Ruling (December 7, 2018); Order Instituting Rulemaking (October 25, 2018); R.18-10-007.

Investigation into PG&E's Organization, Culture and Governance (Safety OII)

On June 18, 2019, the CPUC issued D.19-06-008. On the same day, Commissioner Picker and the judge issued a Ruling requesting comments on a series of proposals for improving PG&E's safety culture.

- **Background**: On December 21, 2019, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

- **Details**: D.19-06-008 orders PG&E to report on the safety experience and qualifications of the PG&E Board of Directors and establishes an advisory panel on corporate governance. The Decision is brief, requiring PG&E to provide a variety of information on each PG&E and PG&E Corporation Board member involving safety training, related work experience, previous positions held, and current professional commitments. The newly established CPUC Advisory Panel is likewise addressed only briefly and no information on how members will be selected is provided. However, an Appendix provides biographies for a number of people who spoke at two April 2019 CPUC forums on governance, management, and safety culture.

  The Ruling requests comments on four proposals: (1) separating PG&E into separate gas and electric utilities or selling the gas assets; (2) establishing periodic review of PG&E's Certificate of Convenience and Necessity (CPCN); (3) modification or elimination of PG&E Corp.'s holding company structure; and (4) linking PG&E's rate of return or return on equity to safety performance metrics.

- **Analysis**: This proceeding could have a range of possible impacts on CCAs within PG&E's territory and their customers, given the broad issues under investigation pertaining to PG&E's corporate structure and governance.

- **Next Steps**: PG&E's report to the Commission in response to D.19-06-008 is due July 8, 2019. Comments and reply comments on the questions posed in the Ruling, respectively, are due July 19, 2019, and August 2, 2019.

- **Additional Information**: Ruling on proposals to improve PG&E safety culture (June 18, 2019); D.19-06-008 directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); Scoping Memo (December 21, 2019); I.15-08-019.

PCIA Rulemaking

On June 7, 2019, Working Group One (Benchmark True-Up and Other Benchmarking Issues) held a meeting, and on July 1, 2019, Working Group One co-leads submitted a second Final Report. On June 14, 2019, the Protect Our Communities Foundation filed a motion requesting an evidentiary hearing on Working Group One's first Final Report. On June 24, 2019, Working Group Three (Portfolio Optimization) filed a progress report.

- **Background**: D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

  A Phase 2 Scoping Memo and Ruling relies primarily on a working group process to further develop a number of PCIA-related proposals. It provides that three types of issues are within the Phase 2 scope: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

- **Details**: The motion for an evidentiary hearing focuses on issues pertaining to the treatment of quantities and value of unsold RA that should be included in the true-up and forecast.

- **Analysis**: Phase 2 of this proceeding could further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.

- **Next Steps**: A Working Group Three workshop is scheduled for July 25, 2019, with the next progress report to be filed September 26, 2019. Working Group Two's next progress report is due July 26, 2019. Parties may request evidentiary hearings by filing a motion within ten working days of a working group report being filed. A Proposed Decision (PD) on the Brown Power, RPS and RA true-ups are anticipated in September 2019, with a separate PD issued later Fall 2019 on other Working Group One issues.

- **Additional Information:** Working Group One Report on Brown Power, RPS and RA True-Up (May 31, 2019); Phase 2 Scoping Memo and Ruling (February 1, 2019); D.18-10-019 Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. R.17-06-026.

PG&E's 2019 Energy Resource and Recovery Account Forecast

On June 10, 2019, Energy Division partially approved PG&E's Advice Letter (AL) 5527-E, which implements the 2019 ERRA Forecast revenue requirement, but rejected PG&E's true-up calculation of the 2018 PCIA rates to reflect 2018 brown power costs and revenues. Energy Division also rejected PG&E's AL 5527-E-A, which a group of CCAs had protested in addition to AL 5527-E. Energy Division approved PG&E's AL 5527-E-B, filed on June 5, 2019.

- **Background**: Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year. More specifically, they determine fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The CPUC's March 2019 Decision (D.19-02-023) granted the brown power true-up for target year 2018, resulting in a total 2019 PCIA revenue requirement that decreases further from the $1.043 billion in the Proposed Decision (PD), which itself was a decrease of $122 million. It also revised the methodology for calculating the brown power true-up, which will likely reduce the amount of the true up compared to original estimates. The exact further amount of the reduction is determined in Advice Letter 5527-E.
- **Details**: PG&E filed and Energy Division approved supplemental 5527-E-B, removing the pro rata adjustment from the 2018 vintage rate calculation. As a result, the amount of the PCIA refund related to the brown power true-up is approximately $79.1 million, instead of the $36.3 million originally calculated in 5527-E or $55.1 million calculated in AL 5527-E-A. (CCAs had argued that the correct Brown Power True-Up should be $163.8 million.) PG&E additionally included the actual 2019 generation rate ratios rather than the illustrative forecast ratios it had been using previously. No changes were made to the calculation of the brown power indifference amount as presented in AL 5527-E-A. AL 5527-E-B was not protested.
- **Analysis**: This proceeding implements the October Track 2 Decision from the PCIA docket and establishes the amount of the PCIA for VCE's 2019 rates and the level of PG&E's generation rates for bundled customers. Any under or over-collections between January 1, 2019 and the date of the PG&E's Annual Electric True-Up implementing the ERRA will be recovered in 2020 rates.
- **Next Steps**: This proceeding and its implementation are now complete.
- **Additional Information**: AL 5527-E-B (approved June 10, 2019); AL 5549-E (May 28, 2019); AL 5527-E-A (May 15, 2019); AL 5528-E-A and AL 5528-E (April 26, 2019 and April 19, 2019); AL 5527-E (April 18, 2019); D.19-02-023 (March 4, 2019); PG&E's Application (June 1, 2018); PG&E's Testimony (June 1, 2018); Docket No. A.18-06-001.

2018 Rate Design Window (RDW)

On June 7, 2019, the judges issued a Proposed Decision (PD) in Phase IIB pertaining to SCE's and PG&E's respective proposals for the implementation of default TOU rates for residential customers, as well as some other related rate proposals.

- **Background**: The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 Phase I Decision granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020. A December 2018 Phase IIA Decision addressed PG&E

restructuring of the CARE discounts into a single line item percentage discount to the customer's total bill.

The proceeding is currently focused on Phase IIB and Phase III. Phase IIB addresses PG&E's rate design proposals and implementation, including a number of issues impacting CCA customers (*e.g.*, PG&E's CCA rate comparison tool and TOU rate design roll out to CCA customers). Phase III considers the IOUs' proposals for fixed charges and/or minimum bills.

- **Details**: For both PG&E and SCE the start date of customer migration to TOU rate is set to begin October 2020 and continue in batches over a period of up to 18 months (potentially less). The Phase IIB PD provides that a CCA wishing to have its customers defaulted to TOU generation rates are directed to notify the IOU by October 2019 of its intentions in order to facilitate a smooth transition and allow the IOU sufficient time to finalize its own transition plan.

  The PD conditionally accepts the E-TOU-C design (a tiered two-period design with a 5 p.m to 8 p.m. peak period, with seasonal differentiation in rates but not peak periods), its designation as the default TOU rate, and the price differentials, but directs that it be modified to provide TOU-based price differentiation for the distribution component. The distribution differentiation must be included in the adopted fixed price differentials. During the Summer the differential must be at least 1 cent/kWh but may be up to roughly 5.1 cents/kWh (based on marginal distribution costs), and must be set at 0.23 cents/kWh during the winter. PG&E must propose a revised E-TOU-C price differential in its next Phase 2 rate case in order to allow other parties and the Commission to consider a higher price differential.

  Among numerous other determinations, the PD also:

    - Accepts PG&E's proposal to eliminate the existing E-TOU-A rate, which has a 3 p.m. to 8 p.m weekday peak period, in June 2020.
    - Accepts PG&E's revised E-TOU-B proposal, which allows customers to enroll in the existing E-TOU-B rate through May 2020. All customers, including net metering customers are allowed to remain on the rate until October 2025.
    - Rejects PG&E's proposal to increase its minimum bill for at least some rate schedules from $10 to $15 per month.
    - For CCA customers, allows utilities to provide a proxy rate comparison tool using their generation rates but does not obligate them to provide a tool using CCA rates. Rate comparison tool costs will be recovered from all customers through distribution rates, with the exception that any costs incurred to model CCA-specific rates are to be borne by the CCA.

- **Analysis**: This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures it residential rates. CCAs are not obligated to default their customers to TOU generation rates, but regardless of whether a CCA offers TOU generation rates, CCA customers will be subject to default TOU distribution rates.

- **Next Steps**: In Phase IIB, comments on the PD are due June 27, replies are due July 2, and the PD may be adopted, at earliest, at the CPUC's July 11 meeting. In Phase III, evidentiary hearings are scheduled for August 5-16, 2019. Phase III briefs and reply briefs, respectively, are due September 13, 2019, and October 4, 2019, with a Proposed Decision expected in Q1 2020. CCAs wishing to transition to default TOU generation rates should notify the applicable IOU by October 1, 2019.

- **Additional Information**: Proposed Decision in Phase IIB (June 7, 2019); PG&E Phase III Revised Testimony on fixed charges (April 12, 2019, and March 29, 2019); D.18-12-004 on Phase IIA Issues (December 21, 2018); Ruling requesting supplemental testimony on GHG reduction cost estimates (August 17, 2018); PG&E Supplemental Testimony (August 17, 2018);

Ruling clarifying scope (July 31, 2018); D.18-05-011 (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); Amended Scoping Memo (April 10, 2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. A.17-12-011 (consolidated).

PG&E's 2020 Energy Resource and Recovery Account Forecast

There are no updates this month.

- **Background**: Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year. They determine fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

  PG&E is forecasting a 2020 total revenue requirement of $2.908 billion, comprised of $2.426 billion related to its ERRA, plus four non-bypassable charges, less the costs of utility-owned generation. The non-bypassable charges and associated forecasted revenue requirements are: (1) the Competition Transition Charge (CTC), $62.2 million; (2) the PCIA, $2.549 billion; (3) the Cost Allocation Mechanism, $147.4 million; and (4) the Tree Mortality Non-Bypassable Charge, $92.6 million. The utility-owned generation revenue requirement is forecasted at $2.368 billion. PG&E also requested approval of its 2020 sales forecast, as well as its 2020 GHG-related forecasts, which includes a net GHG revenue return of $391.5 million. PG&E seeks a January 1, 2020 effective date for its rate proposals associated with its proposed electric procurement-related revenue requirements.

- **Details**: N/A.

- **Analysis**: This proceeding will establish the amount of the PCIA for VCE's 2020 rates and the level of PG&E's generation rates for bundled customers.

- **Next Steps**: Protests are due July 5, 2019. PG&E will serve supplemental testimony on July 29, 2019, (the "July Supplement") to update the ERRA Application revenue requirements to reflect (1) the establishment of the Portfolio Allocation Balancing Account (PABA); (2) forecasts of 2019 year-end balancing account balances; and (3) updated 2020 forecasted rates. In November 2019, PG&E will update its 2020 ERRA Forecast revenue requirements, forecasted end of year balancing account balances, electric sales forecast.

- **Additional Information**: Application (June 3, 2019); Testimony available on PG&E's regulatory webpage (June 3, 2019); Docket No. A.19-06-001.

PG&E's 2018 Energy Resource and Recovery Account Compliance

There are no updates this month.

- **Background**: ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the ERRA balancing account. In its application, PG&E requested that the CPUC find that it 2018 PG&E complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, and least-cost dispatch of electric generation resources, as well as that it managed its utility-owned generation (UOG) facilities reasonably. PG&E also requested recovery of $4.7 million for Diablo Canyon seismic study costs.

- **Details**: N/A.

- **Analysis**: This proceeding will address whether PG&E correctly calculated and accounted for the actual costs it incurred in 2018 and whether it managed its portfolio of contracts and UOG in a reasonable manner.

- **Next Steps**: Intervenor testimony and reply testimony is due July 12, 2019 and July 24, 2019, respectively. PG&E rebuttal testimony is due August 2, 2019. Evidentiary Hearings are scheduled for August 19-23, 2019. Briefs and reply briefs are due October 4, 2019, and October 25, 2019, respectively. A Proposed Decision is anticipated in Q1 2020.
- **Additional Information**: Scoping Memo and Ruling (June 3, 2019); Notice of Prehearing Conference (April 17, 2019); Response of EBCE and PCE (April 5, 2019); Resolution categorizing proceeding as ratesetting (March 14, 2019); PG&E Application (February 28, 2019); Docket No. A.19-02-018.

PG&E Phase I General Rate Case (GRC)

There are no updates this month.

- **Background**: PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional $1.058 billion (from $8.518 billion to $9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution ($2.097 billion total, or a $134 million increase), electric distribution ($5.113 billion total, or a $749 million increase), and generation ($2.366 billion total, or a $175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by $10.57, or 6.4%, comprised of an electric bill increase of $8.73 and a gas bill increase of $1.84. For 2021 and 2022, PG&E requested total increases of $454 million and $486 million, respectively. PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

  Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental $5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to $2 billion in insurance costs.

  Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are $83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~$59 million in 2021-2022) expected as the largest subcategory of future expenses.
- **Details**: N/A.
- **Analysis**: PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.
- **Next Steps**: Nine public participation hearings are scheduled for July and August, beginning with a July 9, 2019, hearing in San Francisco. Public Advocates Office testimony is due June 28, 2019, followed by intervenor testimony on July 26, 2019. Public participation hearings will be held in July/August 2019. An evidentiary hearing is scheduled to begin September 23, 2019. A

proposed GRC Phase 1 decision is targeted for Q1 2020. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase 2 proceeding, which PG&E plans to file by November 22, 2019.

- **Additional Information**: Ruling setting public participation hearings (May 7, 2019); Scoping Memo and Ruling (March 8, 2019); Joint CCAs' Protest (January 17, 2019); Application and PG&E GRC Website (December 13, 2018); A.18-12-009.

Other Regulatory Developments

- **SB 237 Direct Access Rulemaking:** On June 28, 2019, the CPUC issued a Proposed Decision (PD) granting a Petition for Modification (PFM) of D.19-05-043, which specified the implementation details for a 4,000 GWh increase in the direct access enrollment cap as required by SB 237 of 2018. Comments on the PD are due July 18, replies are due July 23, and the PD may be adopted, at the earliest, at the CPUC's August 1 meeting. The PD would adopt changes to a provision in D.19-05-043 that specifies that CCAs be notified of departing load by September 10. The PD would modify this to characterize the September 10 notification as a "preliminary" report, and add language providing for the delivery of a final departing load report to CCAs by February 10, 2020. The PFM sponsors contended that a February 3, 2020 deadline for submitting direct access service requests is the important date for setting the April 2020 preliminary load forecast (for RA purposes), which formed the basis for the various deadlines established in D.19-05-043.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: July 11, 2019

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Regulatory and Legislative Task Group on numerous legislative bills. Below is a summary of the key bills that are currently being monitored:

1. **AB 56 (Garcia, Eduardo) Electricity: procurement by the California Alternative Energy and Advance Transportation Financing Authority.** Would require the Public Utilities Commission, if it makes certain findings, to empower the California Alternative Energy and Advanced Transportation Financing Authority to undertake backstop procurement of electricity that would otherwise be performed by an electrical corporation to meet the state resource planning and reliability goals not satisfied by load-serving entities. The bill would authorize the authority to undertake backstop procurement consistent with specified objectives and to manage the resale of electricity for its contracted resources. The bill would require the commission to periodically review the need for, and the benefits of, continuing to empower the authority to undertake backstop procurement responsibilities. VCE submitted an oppose position letter on June 6, 2019.

2. **AB 1054 (Holden) Public Utiltiies: wildfires.** Current law establishes various programs for the prevention, detection, and mitigation of wildfires. Other current law establishes the California Earthquake Authority (CEA), administered under the authority of the Insurance Commissioner, to transact insurance in this state as necessary to sell policies of basic residential earthquake insurance. This bill would create in state government the California Catastrophe Council to oversee the CEA and the Wildfire Fund Administrator, who this bill would require the council to appoint.

3. **SB 155 (Bradford) California Renewables Portfolio Standard Program: Integrated resource plans.** Current aw requires the Public Utilities Commission to direct each retail seller to prepare and submit an annual report to the commission that includes specified information on the retail seller's compliance with requirements related to eligible renewable energy resource procurement. This bill would require the commission to review each annual compliance report filed by a retail seller, to notify a retail seller if the commission has determined, based upon its review, that the retail seller may be at risk of not satisfying the renewable procurement requirements for the then-current or

future compliance period, and to provide recommendations in that circumstance regarding satisfying those requirements. VCE submitted an oppose position letter on June 6, 2019.

4. **SB 350 (Hertzberg) Electricity: resource adequacy: multiyar centralized resource adequacy mechanism.** Would authorize the Public Utilities Commission to consider a multiyear centralized resource adequacy mechanism, among other options, to most efficiently and equitably meet specified resource adequacy objectives.

5. **SB 515 (Caballero) California Renewables Portfolio Standard Program: bioenergy renewable feed-in-tariff.** Pursuant to current law, the Public Utilities Commission has adopted resolutions establishing fuel or feedstock procurement requirements for generation from bioenergy projects intended to reduce wildfire risks that are applicable to the state's 3 largest electrical corporations. This bill would expand the fuels and feedstocks that are eligible to meet these wildfire risk reduction fuel and feedstock requirements to include biomass diverted from specified higher fire-risk zones.

6. **SB 520 (Hertzberg D) Electrical services: provider of last resort.** The Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under current law, a public utility has a duty to serve, including furnishing and maintaining adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public. This bill would provide that the electrical corporation is the provider of last resort, as defined, in its service territory unless provided otherwise in a service territory boundary agreement approved by the commission pursuant to existing law or unless the commission designates a load-serving entity, as defined, other than the electrical corporation to serve as the provider of last resort for all or a portion of that service territory pursuant to a joint application of the electrical corporation and the load-serving entity.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager, VCEA

SUBJECT: Customer Enrollment Update and Call Center Report (Information)

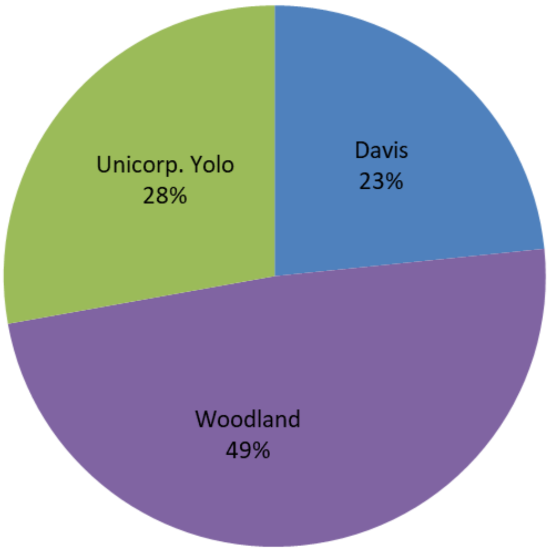
DATE: July 11, 2019

RECOMMENDATION

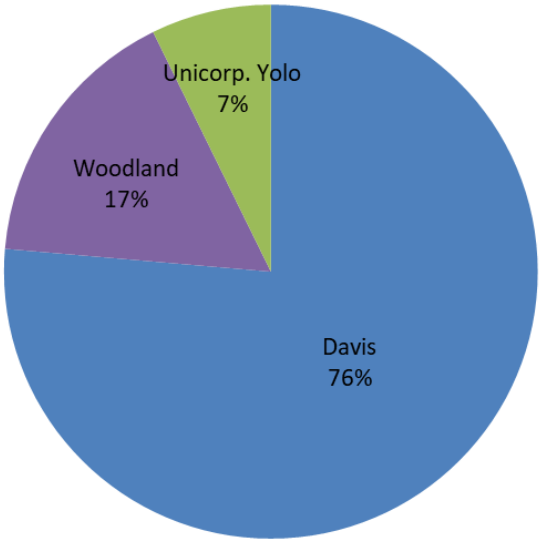
Receive and review the attached Customer Enrollment update as of July 2, 2019 and the monthly Call Center report as of June 23, 2019.

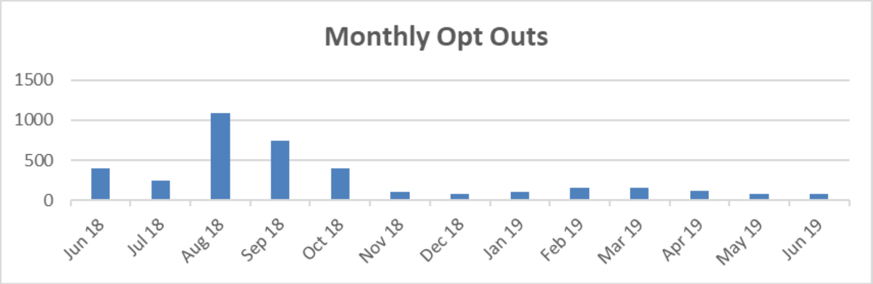
Enrollment Update

4,921 Opt Outs
7.6% of customers



110
Opt Ups





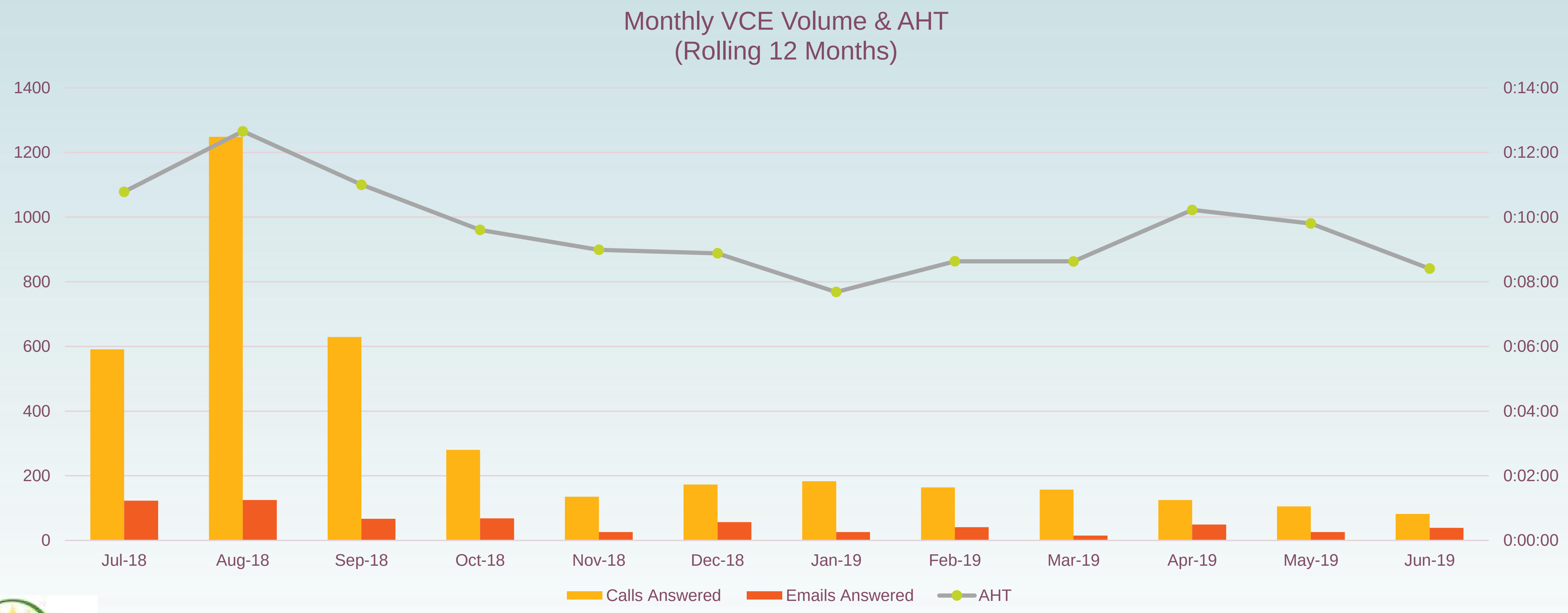
	Eligible	Opt-Out	% Opt Out
Residential	56,500	4,178	7.4%
Non-Residential	8,500	743	8.7%
Total	65,000	4,921	7.6%

Approximately 7,000 NEM customers are pending enrollment with VCE and are included in the eligible total

VALLEY CLEAN ENERGY

Status Date: 7/2/19

Monthly Call Center Report



VALLEY CLEAN ENERGY

SMUD
Community Energy Services

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO:	Valley Clean Energy Alliance Board of Directors
FROM:	Mitch Sears, Interim General Manager
SUBJECT:	Transmittal of Community Advisory Committee Reports – June 27, 2019 meeting
DATE:	July 11, 2019

This report transmits the Community Advisory Committee's Summary Reports regarding its June 27, 2019 meeting.

Attachment

1. June 27, 2019 CAC Summary Report

Valley Clean Energy Alliance
Community Advisory Committee (CAC) Report to the Board
Summary of June 27th CAC Meeting

- Public Comment
  - Tom Stallard, City of Woodland Council Member and Valley Clean Energy (VCE) Board Chair thanked the CAC for their service and time. He recently attended The Business of Local Energy Symposium where CAC member L. Kristov was a speaker.

- Residential Time of Use (TOU)
  - J. Parks provided some additional analysis of the new Residential TOU rate proposed by PG&E. Specifically, his presentation covered 1) comparisons of different RTOU rates that are either active or proposed by California utilities, 2) the financial impacts of the proposed rate on VCE, 3) the number of CCA's that have agreed to the new rate, and 4) the relative percentages of PG&E's delivery charges compared to generation charges. PG&E will be presenting at the July Board meeting.

- Rates and Services Task Group projects
  - M. Baird reviewed a list of projects that the Rates and Services task group is considering taking on and asked the committee for any guidance they have for prioritizing and selecting one or two. Some could fall under the IRP process. The committee recommended the task group work with staff and prioritize based on what differentiates VCE (and CCAs) such as local storage and local programs. The task group will update the committee at the next CAC meeting on what project(s) they will work on next.

- Schedule for Updating the Integrated Resource Plan (IRP)
  - M. Sears reviewed the schedule for the update to the IRP and reminded the committee that the IRP is a regulatory requirement submitted every 2 years. He discussed the need for a strategic plan for VCE that could be more detailed and could include some of the projects listed by the Rates and Services task group.

- Presentation on Potential Local Energy and Efficiency Programs
  - D. Springer presented slides on the various ways CCAs can develop local programs and information on programs that IOUs and other CCAs have developed.
  - D. Springer and J. Parks will come to next CAC meeting with suggestions for local programs for VCE to consider implementing.

- Moving to Day 2 and the Future
  - While not a separate agenda item, the CAC noted that we are now focusing on "Day 2" projects which will help VCEA attain some of its long-term goals in the vision statement. These include the potential for local energy efficiency and contributing to the IRP and strategic plan. There is also interest in comparing VCE's procurement strategy with those of other northern California CCAs.

VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting

Staff Report – Agenda Item 12

TO: VCEA Board

FROM: Lisa Limcaco, Director of Finance & Internal Operations

SUBJECT: Update to Valley Clean Energy Employee Handbook

DATE: July 11, 2019

Recommendation:

Approve the updates made to the Valley Clean Energy Employee Handbook.

Background:

The Board adopted an Employee Handbook in January 2018 with an initial update in January 2019. To keep the Handbook up to date with new laws and personnel requirements, the Handbook needed to be updated.

Staff worked with VCE's legal counsel at Best, Best & Krieger (BBK) who reviewed and edited the existing Handbook. Attached is a redlined version of pages 10, 11, 35 and 36 of the Handbook showing deletions and additions.

Attachments:

1. Pages 10, 11, 35 and 36 Redlined VCE Employee Handbook

who has raised any concern about harassment or discrimination against another individual. We will investigate any complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

Employment Policies and Practices

Classification of Employees
A new hire will be classified as either "exempt" or "non-exempt."

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be "exempt" from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA's benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees who are regularly scheduled to work a minimum of 30 hours per week are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek. Part-time employees who are regularly scheduled to work less than 30 hours per week are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the General Manager.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits

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covered in this employee handbook, other than those required by law or as stipulated in writing signed by the General Manager.

6. INTERNS are employees who are ~~students~~ gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment
VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees
If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCEA learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

Job Duties
Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules
VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

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Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide ~~comprehensive~~access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to ~~our~~VCEA's insurance policies. Typically proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCEA's medical, dental, and vision insurance coverage. Each employee becomes eligible on the first of the ~~month once they have~~monthafter the employee has completed 30 days of continuous employment with VCEA. VCEA will contribute up to $1,000~~/~~ per month per employee towards VCEA's medical, dental and vision insurance for a full-time ~~employee's medical, dental and vision benefits. Part~~employee and dependents coverage. VCEA will contribute a prorated amount for part-time employees ~~will be eligible for a prorated contribution~~ based on the average hours worked~~. You will be~~ (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCEA's contribution toward the cost of VCEA's medical, dental and vision insurance coverage for the part time employee and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., $750).   The employee is responsible for any ~~excess~~ premiums due for ~~the coverage you choose for your dependents.~~ VCEA coverage(s) that are in excess of the VCEA contribution amount. Deductions from ~~your~~ the employee's paycheck will be made to cover this cost~~ through payroll deductions.~~. Information describing ~~your~~medical, dental and vision insurance benefits will be given to you when you ~~join~~become eligible to participate in the program. ~~Employees~~Eligible employees who ~~choose~~elect not to receive ~~health benefits~~medical insurance coverage from VCEA must provide proof of adequate medical~~, dental and vision insurance~~ coverage from an alternate source within 30 days of ~~receiving~~becoming eligible through VCEA for the benefit. ~~Employees who waive VCEA health~~ Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCEA medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCEA's open enrollment period. Full time employees who decline to accept VCEA medical, dental, and vision insurance benefits shall receive a ~~reduced~~payment of $500 per month in lieu of coverage; part -time employees who are eligible for VCEA medial,

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dental and vision insurance and decline to accept VCEA medical, dental, and vision insurance shall receive a prorated payout ~~of $500/month.~~ based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or $375.)

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, VCEA-provided health benefits will continue through the end of the month~~.~~ during which leave commenced. At that point, the employee will be provided with the option to continue coverage at the employee's own expense pursuant to Cal-COBRA. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your approved pregnancy disability leave as required by applicable law.

Please direct any questions you have regarding your ~~health and~~medical, dental and/or vision insurance to the General Manager.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. For more information regarding eligibility, contributions, benefits and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

Disability Insurance: VCEA furnishes private long-term disability policies. For more information, contact the General Manager.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the General Manager or the state's Employment Development Department.

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VALLEY CLEAN ENERGY ALLIANCE

Consent Agenda – Item 13

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Lisa Limcaco, Director of Finance and Internal Operations

SUBJECT: Final Tariff sheets for 2019

DATE: July 11, 2019

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the final tariff sheets, which reflect matching of PG&E's generation rates effective July 1, 2019.

BACKGROUND

In November 2018, the Board adopted a resolution to match identical PG&E generation rates (less the Power Charge Indifference Adjustment (PCIA) and franchise fee) beginning January 1, 2019. In June 2019, the CPUC approved the PG&E 2019 Energy Resource Recovery Account (ERRA) generation rates and PCIA exit fee which are effective July 1, 2019.

As PG&E may change rates throughout the year, staff recommends that the Board approve annually the final tariff sheets of the CPUC approved PG&E ERRA.

REQUESTED ACTION

Adopt a resolution that approves the Tariff Sheets as shown in Attachment A.

ATTACHMENT A

Residential Generation Rates		
Rate	Description	VCE Base Generation Rate/kWh
E1	Flat	$ 0.08713
E6 - TOU	Off-Peak Summer	$ 0.05778
	Off-Peak Winter	$ 0.07133
	Part-Peak Summer	$ 0.10612
	Part-Peak Winter	$ 0.08462
	Peak Summer	$ 0.22456
ETOU-A	Off-Peak Summer	$ 0.09511
	Off-Peak Winter	$ 0.06905
	Peak Summer	$ 0.17069
	Peak Winter	$ 0.08335
ETOU-B	Off-Peak Summer	$ 0.08952
	Off-Peak Winter	$ 0.06695
	Peak Summer	$ 0.19258
	Peak Winter	$ 0.08574
ETOU-C3	Off-Peak Summer	$ 0.08223
	Off-Peak Winter	$ 0.07188
	Peak Summer	$ 0.14567
	Peak Winter	$ 0.08921
ETOU-P1	Off-Peak Summer	$ 0.06681
	Off-Peak Winter	$ 0.04424
	Peak Summer	$ 0.16987
	Peak Winter	$ 0.08488
ETOU-P2	Off-Peak Summer	$ 0.05315
	Off-Peak Winter	$ 0.04209
	Part-Peak Summer	$ 0.12558
	Peak Summer	$ 0.18647
	Peak Winter	$ 0.06212

Residential Generation Rates		
Rate	Description	VCE Base Generation Rate/kWh
ETOU-P3	Off Peak Spring	$ 0.04276
	Off-Peak Summer	$ 0.06710
	Off-Peak Winter	$ 0.04862
	Peak Spring	$ 0.05509
	Peak Summer	$ 0.17016
	Peak Winter	$ 0.06757
	Super Off Spring	$ 0.01632
EV	Off-Peak Summer	$ 0.03700
	Off-Peak Winter	$ 0.03940
	Part-Peak Summer	$ 0.10375
	Part-Peak Winter	$ 0.03457
	Peak Summer	$ 0.24801
	Peak Winter	$ 0.07361
EV2	Off-Peak Summer	$ 0.06956
	Off-Peak Winter	$ 0.06257
	Part-Peak Summer	$ 0.11070
	Part-Peak Winter	$ 0.08605
	Peak Summer	$ 0.15541
	Peak Winter	$ 0.09853

Streetlight and Traffic Signal Generation Rates		
Rate	Description	VCE Base Generation Rate/kWh
LS	Flat	$ 0.08732
TC1	Flat	$ 0.07942

Small General (Business) Generation Rates		
Rate	Description	VCE Base Generation Rate/kWh
A-1	Summer	$ 0.10348
	Winter	$ 0.06335
A-1X	Off-Peak Summer	$ 0.06709
	Off-Peak Winter	$ 0.07334
	Part-Peak Summer	$ 0.09445
	Part-Peak Winter	$ 0.09426
	Peak Summer	$ 0.11810
A-6	Off-Peak Summer	$ 0.05998
	Off-Peak Winter	$ 0.06795
	Part-Peak Summer	$ 0.11827
	Part-Peak Winter	$ 0.08545
	Peak Summer	$ 0.35786

Medium General Demand-Metered (Business) Generation Rates		
Rate	Description	VCE Base Generation Rate/kWh
A-10 Secondary	Max Demand Summer	$ 5.73000
	Summer	$ 0.09159
	Winter	$ 0.06428
A-10 Primary	Max Demand Summer	$ 5.00000
	Summer	$ 0.08194
	Winter	$ 0.05819
A-10PX	Max Demand Summer	$ 5.00000
	Off-Peak Summer	$ 0.05621
	Off-Peak Winter	$ 0.05325
	Part-Peak Summer	$ 0.08283
	Part-Peak Winter	$ 0.06914
	Peak Summer	$ 0.13340
A-10SX	Max Demand Summer	$ 5.73000
	Off-Peak Summer	$ 0.06216
	Off-Peak Winter	$ 0.05722
	Part-Peak Summer	$ 0.09023
	Part-Peak Winter	$ 0.07428
	Peak Summer	$ 0.14536
A-10T	Max Demand Summer	$ 3.96000
	Summer	$ 0.07252
	Winter	$ 0.05174
A-10TX	Max Demand Summer	$ 3.96000
	Off-Peak Summer	$ 0.04705
	Off-Peak Winter	$ 0.04599
	Part-Peak Summer	$ 0.07235
	Part-Peak Winter	$ 0.06056
	Peak Summer	$ 0.11923

Medium General Demand-Metered (Business) Generation Rates		
Rate	**Description**	**VCE Base Generation Rate/kWh**
E19 Secondary	Max Part-Peak Demand Summer	$ 3.67000
	Max Peak Demand Summer	$ 14.85000
	Off-Peak Summer	$ 0.03948
	Off-Peak Winter	$ 0.04731
	Part-Peak Summer	$ 0.07102
	Part-Peak Winter	$ 0.06449
	Peak Summer	$ 0.11863
E19 Primary	Max Part-Peak Demand Summer	$ 3.22000
	Max Peak Demand Summer	$ 13.22000
	Off-Peak Summer	$ 0.03352
	Off-Peak Winter	$ 0.04065
	Part-Peak Summer	$ 0.06241
	Part-Peak Winter	$ 0.05634
	Peak Summer	$ 0.10734
E19 PR	Off-Peak Summer	$ 0.05947
	Off-Peak Winter	$ 0.06636
	Part-Peak Summer	$ 0.12298
	Part-Peak Winter	$ 0.08152
	Peak Summer	$ 0.28618
E19 SR	Off-Peak Summer	$ 0.06876
	Off-Peak Winter	$ 0.07632
	Part-Peak Summer	$ 0.13617
	Part-Peak Winter	$ 0.09293
	Peak Summer	$ 0.30401
E19 T	Max Part-Peak Demand Summer	$ 3.64000
	Max Peak Demand Summer	$ 14.53000
	Off-Peak Summer	$ 0.03080
	Off-Peak Winter	$ 0.03764
	Part-Peak Summer	$ 0.05031
	Part-Peak Winter	$ 0.05263
	Peak Summer	$ 0.06506

Medium General Demand-Metered (Business) Generation Rates		
Rate	**Description**	**VCE Base Generation Rate/kWh**
E19 TR	Off-Peak Summer	$ 0.06376
	Off-Peak Winter	$ 0.07038
	Part-Peak Summer	$ 0.12641
	Part-Peak Winter	$ 0.08486
	Peak Summer	$ 0.28251
E-37	Max Demand Summer	$ 4.97000
	Max Peak Demand Summer	$ 6.22000
	Off-Peak Summer	$ 0.02932
	Off-Peak Winter	$ 0.02005
	Part-Peak Winter	$ 0.05176
	Peak Summer	$ 0.13698

Maximum Demand >1000 kWh (Large Business) Generation Rates		
Rate	**Description**	**VCE Base Generation Rate/kWh**
E20 Secondary	Max Part-Peak Demand Summer	$ 3.55000
	Max Peak Demand Summer	$ 14.41000
	Off-Peak Summer	$ 0.03630
	Off-Peak Winter	$ 0.04364
	Part-Peak Summer	$ 0.06607
	Part-Peak Winter	$ 0.05977
	Peak Summer	$ 0.10943
E20 Primary	Max Part-Peak Demand Summer	$ 3.73000
	Max Peak Demand Summer	$ 15.78000
	Off-Peak Summer	$ 0.03692
	Off-Peak Winter	$ 0.04413
	Part-Peak Summer	$ 0.06626
	Part-Peak Winter	$ 0.05998
	Peak Summer	$ 0.11397
E20 PR	Off-Peak Summer	$ 0.06106
	Off-Peak Winter	$ 0.06803
	Part-Peak Summer	$ 0.12393
	Part-Peak Winter	$ 0.08334
	Peak Summer	$ 0.29249
E20 SR	Off-Peak Summer	$ 0.06418
	Off-Peak Winter	$ 0.07128
	Part-Peak Summer	$ 0.12739
	Part-Peak Winter	$ 0.08686
	Peak Summer	$ 0.27732
E20 T	Max Part-Peak Demand Summer	$ 4.48000
	Max Peak Demand Summer	$ 18.81000
	Off-Peak Summer	$ 0.03408
	Off-Peak Winter	$ 0.04080
	Part-Peak Summer	$ 0.05324
	Part-Peak Winter	$ 0.05551
	Peak Summer	$ 0.06771
E20 TR	Off-Peak Summer	$ 0.06138
	Off-Peak Winter	$ 0.06787
	Part-Peak Summer	$ 0.12145
	Part-Peak Winter	$ 0.08209
	Peak Summer	$ 0.29008

Agriculture Generation Rates		
Rate	**Description**	**VCE Base Generation Rate/kWh**
AG1A	Connected Load Summer	$ 1.56000
	Summer	$ 0.08650
	Winter	$ 0.06508
AG1B	Max Demand Summer	$ 2.34000
	Summer	$ 0.09025
	Winter	$ 0.06560
AG4A	Connected Load Summer	$ 1.57000
	Off-Peak Summer	$ 0.05417
	Off-Peak Winter	$ 0.04676
	Part-Peak Winter	$ 0.05873
	Peak Summer	$ 0.15462
AG4B	Max Demand Summer	$ 2.78000
	Max Peak Demand Summer	$ 2.95000
	Off-Peak Summer	$ 0.05552
	Off-Peak Winter	$ 0.04221
	Part-Peak Winter	$ 0.05358
	Peak Summer	$ 0.11209
AG4C	Max Part-Peak Demand Summer	$ 1.17000
	Max Peak Demand Summer	$ 6.86000
	Off-Peak Summer	$ 0.04054
	Off-Peak Winter	$ 0.03696
	Part-Peak Summer	$ 0.06513
	Part-Peak Winter	$ 0.04752
	Peak Summer	$ 0.13277
AG5A	Connected Load Summer	$ 4.28000
	Off-Peak Summer	$ 0.05885
	Off-Peak Winter	$ 0.05019
	Part-Peak Winter	$ 0.06269
	Peak Summer	$ 0.14177

Agriculture Generation Rates		
Rate	**Description**	**VCE Base Generation Rate/kWh**
AG5B	Max Demand Summer	$ 5.21000
	Max Peak Demand Summer	$ 6.52000
	Off-Peak Summer	$ 0.03126
	Off-Peak Winter	$ 0.02198
	Part-Peak Winter	$ 0.05370
	Peak Summer	$ 0.13892
AG5C	Max Part-Peak Demand Summer	$ 2.27000
	Max Peak Demand Summer	$ 12.09000
	Off-Peak Summer	$ 0.03320
	Off-Peak Winter	$ 0.02992
	Part-Peak Summer	$ 0.05434
	Part-Peak Winter	$ 0.03953
	Peak Summer	$ 0.11113
AGRA	Connected Load Summer	$ 1.54000
	Off-Peak Summer	$ 0.05272
	Off-Peak Winter	$ 0.04830
	Part-Peak Winter	$ 0.06067
	Peak Summer	$ 0.27607
AGRB	Max Demand Summer	$ 2.28000
	Max Peak Demand Summer	$ 2.56000
	Off-Peak Summer	$ 0.05203
	Off-Peak Winter	$ 0.03566
	Part-Peak Winter	$ 0.04585
	Peak Summer	$ 0.24766
AGVA	Connected Load Summer	$ 1.61000
	Off-Peak Summer	$ 0.04966
	Off-Peak Winter	$ 0.04684
	Part-Peak Winter	$ 0.05895
	Peak Summer	$ 0.23872
AGVB	Max Demand Summer	$ 2.11000
	Max Peak Demand Summer	$ 2.72000
	Off-Peak Summer	$ 0.05051
	Off-Peak Winter	$ 0.03623
	Part-Peak Winter	$ 0.04658
	Peak Summer	$ 0.22144

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019- _______

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE FINAL TARIFF SHEETS EFFECTIVE JULY 1, 2019

WHEREAS, the Valley Clean Energy Alliance ("VCEA") is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act"), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo ("County"), the City of Davis ("Davis"), and the City of Woodland ("City") (the "JPA Agreement"), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, beginning January 1, 2019, VCEA electric generation rates will be identical to PG&E after factoring the Power Charge Indifference Adjustment (PCIA) imposed by regulatory agencies; and

WHEREAS, in the event PG&E's generation rates change during the year, the Interim General Manager will have the authority to approve any new rates identical to PG&E's generation rate for that new tariff, net of PCIA and Franchise Fees.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the Final Tariff Sheets, which reflect matching of PG&E's generation rates effective July 1, 2019 (Exhibit A).

ADOPTED, this ____________ day of ______________, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Tom Stallard, VCEA Board Chair

____
Alisa M. Lembke, VCEA Board Secretary

Attachment A – Final Tariff Sheets effective July 1, 2019

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16
Confidential & Proprietary

TO:	Valley Clean Energy Alliance Board
FROM:	Mitch Sears, Interim General Manager Gary Lawson, Sacramento Municipal Utility District (SMUD)
SUBJECT:	Q2 2019 Procurement Update (Informational)
DATE:	July 11, 2019

CONTEXT

In accordance with VCE's Wholesale Energy Risk Management Policy, staff is providing this Q2 2019 Procurement Update.

SUMMARY

With the exception of a shortfall in Local Resource Adequacy capacity (RA) forward power procurements for 2019 are completed. 2020 Procurements are underway.

We expect 2019 power costs to come in below budget by $1.129 million. Current power cost projections for 2020 also look favorable compared to prior estimates, at $0.664 million below the prior estimates, despite the impact of increasing RA market prices on the cost of RA. The 2020 view includes the impact of enrolling PG&E net metered customers into VCE service during 2020.

Our current estimate of 2021 power costs is looking $5.090 million worse than prior estiamtes for two primary reasons: 1. We've changed assumptions on when in 2021 the pending new long-term renewable contracts begin delivering, and have factored in the increased expected cost of those renewables; and, 2. The increase in RA prices seen recently in the market are negatively impacting RA procurement costs for 2021. Bear in mind in looking at 2021 power cost esimates that the renewable supply has not been locked in, and VCE will have a better idea of 2021 costs once we execute the long-term renewable PPA that we are negotiating with a supplier for. Also, with regard to increasing power cost on VCE's overall financial picture, is that a key off-setting factor to rising power costs is the downward pressure on the Power Charge Indifference Adjustment (PCIA) that higher RA market prices will have. This is expected to provide some cost relief going forward. In addition, future years will have the cost benefit of long-term renewable contracts in place for the full year whereas 2021 will only have that for half-year as those projects come on-line.

CURRENT POWER PORTFOLIO NET POSITION

Table 1 shows VCE's current power portfolio net position.

Table 1. VCE Net Position

[redacted]

2019

[redacted]

[redacted]

2020

[redacted]

[redacted]

2021 & 2022

[redacted]

MARKET POWER PRICES

Prices for market power for 2019 and 2020 have recently been dropping from the high levels we saw late last year and early this year. Figures 1 and 2 below show the trend of On Peak and Off Peak NP-15 forward prices all the way back to late 2017.

Figure 1. On Peak NP-15 Forward Power Prices

[redacted]

The most recent price curves are the darkest, and the price curves lighten, the farther back in time their vintage represents. The relaxing of market power prices will allow us to hedge VCE's market energy at lower prices than previously forecast.

Figure 2. Off Peak NP-15 Forward Power Prices

[redacted]

CURRENT POWER SUPPLY COST PROJECTIONS

Tables 2, 3, and 4 below show the current power supply costs compared with forecasts from last November.

2019

For 2019, power cost projections are better by $1.129 million in large part due to the drop in forward market energy prices, offset by increased RA costs, driven by the runup in RA prices.

Table 2. 2019 Power Budget Comparison

2019 Power Supply Cost	Target Budget	Current Budget	Net Savings (Costs)
Market Energy	$ 29,079,467	$ 27,642,841	$ 1,436,626
CAISO Variable Fees	$ 126,983	$ 123,723	$ 3,260
REC Costs	$ 3,470,566	$ 3,377,424	$ 93,141
Resource Adequacy Cost	$ 7,432,636	$ 7,844,033	$ (411,397)
CAISO GMC Cost	$ 319,856	$ 311,952	$ 7,903
Market Services Charge	$ 67,777	$ 66,037	$ 1,740
System Operations Charge	$ 240,078	$ 233,915	$ 6,163
SCID Fee	$ 12,000	$ 12,000	$ -
Carbon Free Premium	$ 1,060,085	$ 1,060,085	$ -
2019 Total Power Cost	**$ 41,489,593**	**$ 40,360,059**	**$ 1,129,534**

2020

For 2020, power cost projections are better by $0.664 million in large part due to the drop in forward market energy prices, offset significantly by increased RA costs, driven by the runup in RA prices and the increased RA demand from the enrollment of PG&E net metered customers during 2020. The price of VCE's Large Hydro supply (Carbon Free Premium) was higher than forecast, increasing the Large Hydro supply costs by almost $198,658 more than forecast.

Table 3. 2020 Power Budget Comparison

2020 Power Supply Cost	Baseline Forecast	Current Forecast	Net Savings (Costs)
Market Energy	$ 32,952,900	$ 31,167,768	$ 1,785,132
CAISO Variable Fees	$ 133,891	$ 133,350	$ 541
REC Costs	$ 3,699,395	$ 3,627,478	$ 71,917
Resource Adequacy Cost	$ 7,505,146	$ 8,501,052	$ (995,906)
CAISO GMC Cost	$ 336,603	$ 335,291	$ 1,312
Market Services Charge	$ 71,465	$ 71,176	$ 289
System Operations Charge	$ 253,138	$ 252,115	$ 1,023
SCID Fee	$ 12,000	$ 12,000	$ -
Carbon Free Premium	$ 1,277,433	$ 1,476,091	$ (198,658)
2020 Total Power Cost	**$ 45,905,368**	**$ 45,241,031**	**$ 664,338**

2021

Our current estimate of 2021 power costs is looking $5.090 million worse than prior estiamtes for two primary reasons: 1. We've changed assumptions on when in 2021 the pending new long-term renewable contracts begin delivering, and have factored in the increased expected cost of those renewables; and, 2. The increase in RA prices seen recently in the market are negatively impacting RA procurement costs for 2021. The renewable supply for 2021 has not been locked in yet, and VCE will have a better idea of 2021 costs once we execute the long-term renewable PPA that we are negotiating with a supplier for. Also, with regard to increasing power cost on VCE's overall financial picture, is that a key off-setting factor to rising power costs is the downward pressure on the Power Charge Indifference Adjustment (PCIA) that higher RA market prices will have. This is expected to provide some cost relief going forward. In addition, future years will have the cost benefit of long-term renewable contracts in place for the full year whereas 2021 will only have that for half-year as those projects come on-line.

Table 4. 2021 Power Budget Comparison

2021 Power Supply Cost	Baseline Forecast		Current Forecast		Net Savings (Costs)	
Market Energy	$	35,560,603	$	35,412,322	$	148,280
CAISO Variable Fees	$	146,870	$	141,690	$	5,180
REC Costs	$	(1,571,224)	$	1,442,666	$	(3,013,889)
Resource Adequacy Cost	$	8,097,302	$	10,247,249	$	(2,149,947)
CAISO GMC Cost	$	368,069	$	355,511	$	12,558
Market Services Charge	$	78,392	$	75,627	$	2,765
System Operations Charge	$	277,677	$	267,884	$	9,793
SCID Fee	$	12,000	$	12,000	$	-
Carbon Free Premium	$	1,401,262	$	1,493,722	$	(92,460)
2021 Total Power Cost	**$**	**44,002,882**	**$**	**49,093,160**	**$**	**(5,090,278)**

RESOURCE ADEQUACY

[redacted]

[redacted]

Table 5. VCE Month Ahead RA Compliance

[redacted]

[redacted]

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[redacted]

[redacted]

CREDIT/EXPOSURE

Figure 3 shows the current credit/exposure to various VCE counter parties. [redacted]

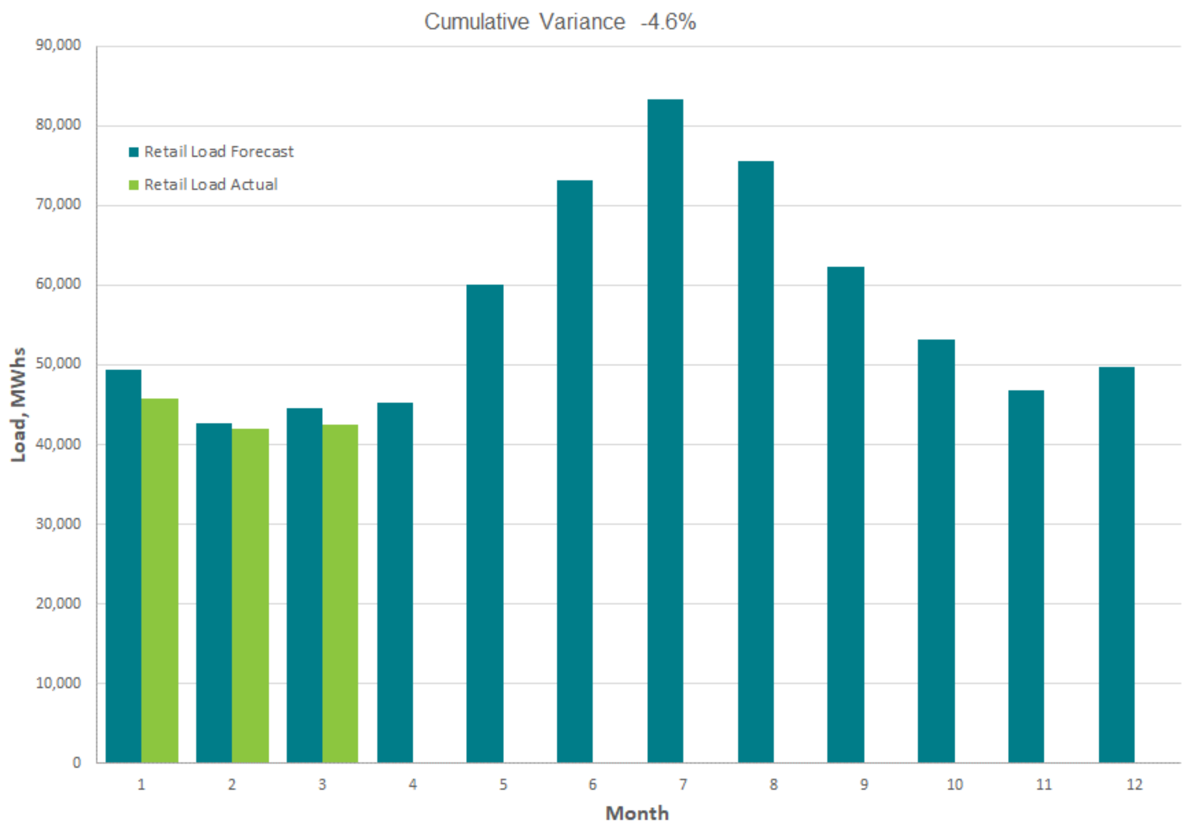
Figure 3. Current Credit/Exposures

[redacted]

FORECAST VS ACTUAL LOADS

Figure 4 shows VCE's forecast retail loads for 2019, compared with actual loads to date. At the time of publication, we only have loads reported through March. Retail loads are coming in 4.6% below the forecast. Wholesale loads are similar, running 5.1% below forecast. The lower-than-forecast loads for January through March have been factored into VCE's net position (Table 1). Staff has just started monitoring actual versus forecast loads and will be evaluating the differences to determine what factors might be driving the differences and whether these differences are forming a trend.

Figure 4. 2019 Retail Loads – Forecast vs. Actual



VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 17

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Bi-annual Enterprise Risk Management Report

DATE: July 11, 2019

RECOMMENDATION:
Accept the Bi-annual Enterprise Risk Management Report – July 2019.

BACKGROUND & DISCUSSION:
In 2018, the Board approve VCE's Enterprise Risk Management (ERM) Policy. The ERM policy contained the following information:

- Introduction: This section introduces the value of ERM as a structured approach to managing risk and uncertainty. It lays out the objectives of VCEA's ERM function, providing the framework for evaluating and managing risk in the organization's decision-making process.

- ERM Roles and Responsibilities: The ERM roles are consistent with the Board-approved Wholesale Power Procurement & Risk Management Policy. The Enterprise Risk Oversight Committee (EROC) has primary responsibility for the implementation of ERM. The policy lays out the scope of the EROC's risk management authority.

- Business Practices: This section identifies the steps of risk management and the basic process associated with each step. The intent is to provide a high-level framework. Specific tools and techniques for implementing enterprise risk management will be recommended by the portfolio manager following approval of the policy.

- Management Reporting and Metrics: The policy defines two enterprise risk reports that will be provided on a regular basis: a quarterly report to the EROC and bi-annual report to the Board.

Staff has used the consistent framework described the ERM policy to identify various risks and related mitigations, and to ensure effective mitigation and communication across all levels. The ERM bi-annual report describes specifically the activities that took place since the adoption of the ERM Policy in 2018.

Attachment:

Bi-annual Enterprise Risk Management Report – July 2019

Valley Clean Energy

Enterprise Risk Management Report

7-11-2019

PURPOSE:
The purpose of this report is to provide the first bi-annual enterprise risk management report, specifically regarding the activities that took place since the adoption of the Enterprise Risk Management Policy in 2018.

Executive Summary

Introduction and Background

In 2018, the Valley Clean Energy (VCE) Board approved the recommendation to adopt an Enterprise Risk Management (ERM) framework to provide the Board with transparency and insight into risks that could impact the ability to execute VCE's mission, build credibility and sustain confidence in VCE's governance and stakeholders, enhance the understanding of significant risks to VCE, and develop the capacity for continuous monitoring and periodic reporting of risks.

ERM is a strategic approach to risk management that supports the achievement of organizational objectives through the management of integrated impacts of risks as an interrelated risk portfolio. ERM is a coordinated effort by management to treat all risks effectively thereby reducing the overall cost of risk to the organization. The General Manager has charged functional leaders to oversee the treatment of all categories of risk and provide a complete picture of risk to the Enterprise Risk Oversight Committee (EROC).

ERM Philosophy

The ERM philosophy embeds the following principles:

1. Identify, assess, prudently manage, monitor and report on a variety of business-critical risks;
2. Provide enterprise risk context and linkage to existing core business processes to improve the allocation of limited resources;

ERM Approach

Staff has applied a multi-perspective approach that evaluates the trade-off between risk, cost of mitigation and opportunities across all business functions. This approach addresses the following issues:

- Roles and responsibilities
- Consistent definitions and language
- Risk heat map and risk exposure inventory
- Risk exposure monitoring and continuous updates
- Integration of ERM with key business processes
- Integration of risk awareness into corporate culture

This framework supports the Board to exercise its overall responsibilities to:

- Regulate appropriate opportunities and risks for VCE;
- Develop a better understanding of appropriate opportunities and risks for VCE;
- Promote active management of risk exposure down to acceptable levels; and
- Assist VCE in its achievement of business plan objectives and operational performance

Summary of 2018 Activities

From an implementation perspective, in 2018, there has been progress on multiple fronts. Significant effort has been invested in creating an enterprise risk register. Risks to VCE have been identified, categorized and rated. Existing risk controls and risk treatment measures implemented/proposed have also been identified. The risk register provides our management a consolidated view of the risks being faced by VCE and the potential impact.

Staff is using a consistent framework to identify various risks and related mitigations, and to ensure effective mitigation and communication across all levels. In doing so, staff has completed the following developmental tasks:

1. Established Interim General Manager as Chief Risk Officer and establish Director of Finance & Internal Operations as risk process owner, focusing on day-to-day monitoring and coordination.
2. Developed ERM framework and tools
3. Conducted a risk survey
4. Developed VCE's top risk portfolio

VCE's Risk Portfolio

Key Risks

Key risks are those risks that, given VCE's current position, could have the ability to threaten its business model, future performance or prospects, solvency, liquidity, reputation, or prevent it from delivering on its promise. These key risks are updated on an on-going basis and looks forward over a 5-year horizon to identify the:

1. Nature and extent of risks facing VCE;
2. Likelihood and velocity of the risks and potential impacts; and
3. VCE's ability to reduce or control the risk;

Key Priorities for Risk Management in 2019

1. Maintaining the operational risk management process:

Risk Portfolio

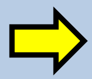
Risk	Description	Current Residual Risk	Target Residual Risk
PCIA	Risk that PCIA rate could increase as a result of CPUC decision		
Regulatory & policy risk	Risk of additional regulatory requirements increasing complexity and cost of operations		
Rate structure	Risk of rate design not following marginal costs (non-TOU PCIA, demand charges, varying generation rates)		
Media & community	Risk of unfavorable public communications		
Opt-out rate	Risk of higher than expected opt-out level		
Cyber security & data privacy	Risk of data breach as a result of a cyber breach or physical attack		
Commodity Procurement	Risk of fluctuations associated with commodity prices		
Economy-business agility	Risk that customers will be impacted by poor economy, lowering or flat revenue impacting VCE growth opportunities		
Capital availability/cashflow	Risk that VCE is unable to secure affordable financing		
Business model	Ability to quickly identify and respond to business risks that have the potential to impact the ability to achieve VCE goals.		
Financial Markets Volatility	Swings in global financial markets and currencies may create significant challenges that VCE will have to address		
Changing customer expectation	Risk that customer's changing expectations as a result of innovation may result in reduced customer revenue and loyalty		

Summary of VCE top risk response plan

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
PCIA	Reduce risk	⇧	1) In 2019, changed VCE rate structure to match PG&E rates and adopted a Dividend Program 2) Direct involvement with PCIA Phase 2 workgroups to develop guidelines on methodology of calculation of PCIA based on the CPUCs Alternative Proposed Decision	CPUCs annual approval of PG&E's PCIA rate within the Energy Resource Recovery Account (ERRA) forecast	Lisa Limcaco
Regulatory & policy risk	Accept risk & monitor	⇧	1) Active role in legislative sessions (contract with lobbyist and engage Board members for support/opposition on bills) along with support from CalCCA legislative committee 2) Active role in appealing various regulations through the CPUC proceedings along with support from CalCCA Regulatory Committee	Weekly CalCCA Regulatory and Legislative Committee meetings	Mitch Sears

[1] Current trend of risk for VCE- increasing ⇧ , no change ⇨ or decreasing ⇩

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
Rate structure	Reduce risk	↑	1) In 2019, changed VCE rate structure to match PG&E rates and adopted a Dividend Program 2) Obtain favorable long-term renewable power contracts to keep power costs low 3) Direct involvement in annual PG&E ERRA proceedings to appeal any changes in cost recovery methodology	1) CPUCs annual approval of PG&E's Energy Resource Recovery Account (ERRA) forecast 2) Annual determination of customer dividends based on audited financial statements	Lisa Limcaco
Media & Community Relations	Accept risk & monitor	→	1) Develop and maintain relationship with print and mass media 2) Work with marketing firm to develop positive social media presence and good customer relations. Develop metrics to measure success. 3) Develop a plan to prevent and respond to negative public perceptions	Develop metrics to measure success of marketing programs	Jim Parks

Risk Event	Response	Trend[1]	Plan	Trigger/Control	Owner
Opt-out rate	Reduce risk		1) Develop customer outreach/marketing explaining rates and communicate additional benefits of VCE 2) Obtain favorable long-term renewable power contracts to keep power costs low 3) Accelerate building cash reserves immediately to offset any rate structure impacts of PG&E 4) In 2019, changed VCE rate structure to match PG&E rates and adopted a Dividend Program 5) Direct involvement in annual PG&E ERRA proceedings to appeal any changes in cost recovery methodology	1) Monthly report from SMUD on status of Opt-outs 2) CPUCs annual approval of PG&E's Energy Resource Recovery Account (ERRA) forecast	Jim Parks/Lisa Limcaco