

Valley Clean Energy Alliance

A locally controlled energy provider

Board of Directors Meeting

October 12, 2017

5:30 pm



Item 7: Adoption of VCEA Implementation Plan and Statement of Intent

Recommendation: *Adopt resolution approving VCEA's Implementation Plan and Statement of Intent and authorize its submission to the CPUC for certification.*

- Informational Board presentations were held on July 25 and September 20; the CAC also provided feedback on September 27.
- The Implementation Plan establishes initial CCA program framework and policies but can be amended as necessary
- VCEA's Plan is consistent with other certified plans and also includes its own unique aspects
- Implementation Plan must include certain elements and be certified by the CPUC within 90 days.



Item 7: Adoption of VCEA Implementation Plan and Statement of Intent

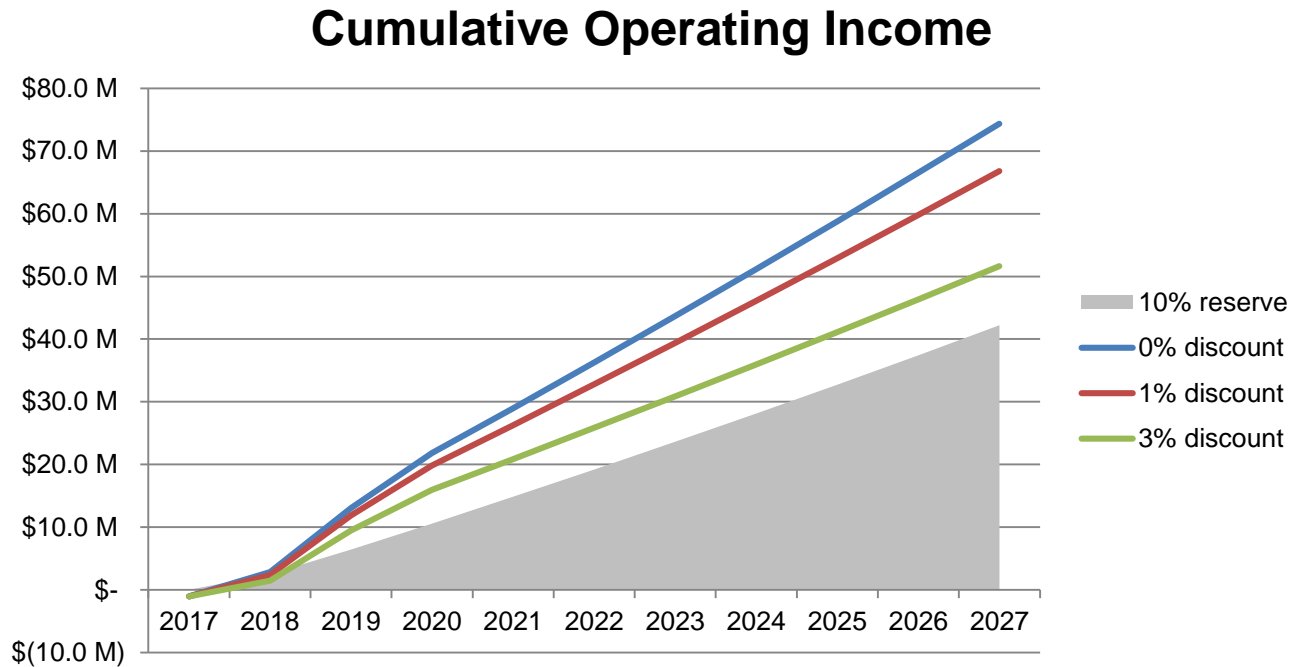
Key Policy Elements

- a) **Initial resource mix/default product.** Recommending 35% renewable and 75% carbon free power which exceeds PG&E levels and CA RPS mandate.
- b) **Competitive rates.** Offer generation rates at parity or lower than PG&E; for purposes of I-Plan, assuming 1% lower inclusive of PCIA fee.



Item 7: Adoption of VCEA Implementation Plan and Statement of Intent

Key Policy Elements



Key Policy Elements

- c) **Voluntary, “opt-up” option:** Recommend offering a 100% renewable option at price premium that covers the incremental cost.
- d) **Opt-out fee, post enrollment:** \$5/ residential, \$25/ commercial account. Consider extending “free period” to continue through first 12 months of operations.
- e) **Tariff structure and rate design:** Recommend matching PG&E’s rate structure for easy comparison.



Item 7: Adoption of VCEA Implementation Plan and Statement of Intent

Key Policy Elements (cont.)

f) **Net Energy Metering (NEM)**. Offer a NEM rate and pay customers for excess power in accordance with rates adopted by the Board in Q1 2018.

g) **Program staffing**. Recommend initial staffing of up to 6 VCEA employees supplemented by 2-3 SMUD staff on loan and other contractors as may be needed.



Item 7: Discussion and Adoption of VCEA Implementation Plan and Statement of Intent

Additional Key Policy Matters

Section 8: Ratesetting and Program Terms and Conditions

Section 9: Customer Rights and Responsibilities

Section 10: Procurement Process

Section 11: Contingency Plan for Program Termination



Item 7: Discussion and Adoption of VCEA Implementation Plan and Statement of Intent

Sequential Timing (through year-end)

Month	Action
October	File Implementation Plan (90-day clock begins)
November	Procurement Planning
December	Data Management/Systems Set Up
January	Access to Customer Data; Power Contracting



Item 8: Professional Services Agreement w/ SMUD for Implementation and Operational Services

Recommendations:

1. Approve the Sacramento Municipal Utility District (SMUD) as the service provider for VCEA program launch and operations.
2. Adopt a resolution authorizing the VCEA Interim General Manager, in consultation with VCEA Legal Counsel, to finalize a services agreement with SMUD, in substantial conformance with the Master Professional Services Agreement, for signature by the VCEA Board Chair.



Item 8: Professional Services Agreement for Implementation and Operational Services

Background:

July - Board directed staff to conduct a comparative analysis of the RFP Responses and SMUD's proposal.

Analysis concluded that the SMUD's proposal was mission aligned, cost competitive and offered significant operational advantages to VCEA.

August 31 – Board directed staff to negotiate a contract with SMUD



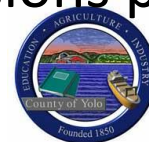
Item 8: Professional Services Agreement for Implementation and Operational Services

Terms & Structure of Agreement:

Service Elements: 1) Technical and Energy Services, 2) Data Management/Call Center, 3) Wholesale Energy Services, 4) Administrative & Staffing Support

Structure: Master Service Agreement plus 4 Task Orders for each service element

Term: Implementation (phase 1) plus 5 years (phase 2) with option to terminate some task orders partially or fully at the end of year 3; two 5-year extensions possible



Item 8: Professional Services Agreement for Implementation and Operational Services

Master Service Agreement contains overarching legal agreements including:

- Joint indemnification
- Flexibility to Re-Open Agreement
- Term and Extensions
- Termination and transition provisions
- Data/information ownership



Item 8: Professional Services Agreement for Implementation and Operational Services

Task Orders Include:

- Scope of work for each service element
- Contract deliverables
- Fees/estimated budget for each task area
- Timing of delivery
- Term and termination

October 12: Master Services Agreement,
Task Orders 1 & 2

November 9: Task Orders 3 & 4



Item 8: Professional Services Agreement for Implementation and Operational Services

Task Order 1

Scope/Deliverables:

- 1.1 Implementation Plan
- 1.2 ProForma Financial Model
- 1.3 Operating Budget
- 1.4 Financing/Accounting Support
- 1.5 Rate Analysis, Design, Rate Setting
- 1.6 Regulatory Filings
- 1.7 Initial Integrated Resource Plan

Term: Now – 60 days post launch

Not To Exceed Budget: \$92,000



Item 8: Professional Services Agreement for Implementation and Operational Services

Task Order 2

Scope/Deliverables:

- 1.1 Electronic Data Exchange Services
- 1.2 Customer Information System
- 1.3 Customer Call Center
- 1.4 Customer Enrollment Forms
- 1.5 Billing Administration
- 1.6 Settlement Quality Meter Data
- 1.7 Reporting

Term: 5 years with option to terminate at end of year 3

Budget: \$1.00/account/month; ~ \$800,000/year



Item 8: Professional Services Agreement for Implementation and Operational Services

Financial Considerations:

- SMUD's fees are commensurate with fees paid by operational CCAs for similar services
- SMUD is deferring payment until October 2018; 2% interest on deferred payments began accruing on October 1, 2017
- Termination fees for withdrawal after year 3:
 - Task Order 1 – N/A; scope will be complete
 - Task Order 2 – 50% of remaining fee for the remaining portion of the 5-year term

Item 8: Professional Services Agreement for Implementation and Operational Services

Task Order	Scope	Cost/Year	Terms/Notes
TO-1 Technical and Energy Services	1.1 Implementation Plan 1.2 ProForma Financial Model 1.3 Operating Budget 1.4 Financing/Accounting Support 1.5 Rate analysis, Design, Rate Setting 1.6 Regulatory Filings 1.7 Initial Integrated Resource Plan	Not to exceed \$92,000 for term of TO plus travel and expenses (phase 1)	TO-1 will complete 3 months after launch. Additional services can be provided on hourly basis
TO – 2 Data Mgmt/ Call Center	1.1 Electronic Data Exchange Svcs 1.2 Customer Information System 1.3 Customer Call Center 1.4 Customer Enrollment Forms 1.5 Billing Administration 1.6 Settlement Quality Meter Data 1.7 Reporting	2018 - \$451,647 (7 months) 2019 - \$782,964 2020 - \$791,796 2021 - \$800,736 2022 - \$809,784 TOTAL ===== \$3,636,927	Fees for this TO are charged monthly @ rate of \$1.00/account (64,521 – 67,482 accounts)
TO - 3	Pending	Pending	
TO - 4	Pending	Pending	

Item 8: Professional Services Agreement for Implementation and Operational Services

Hourly Rates for Additional Services

Resource	Hourly Rate (through June 30, 2019)
SMUD CEO/VP	\$250.00
Principal	\$190.00
Senior Analyst/Specialist	\$150.00
Analyst/Specialist	\$100.00
Administrative	\$80.00



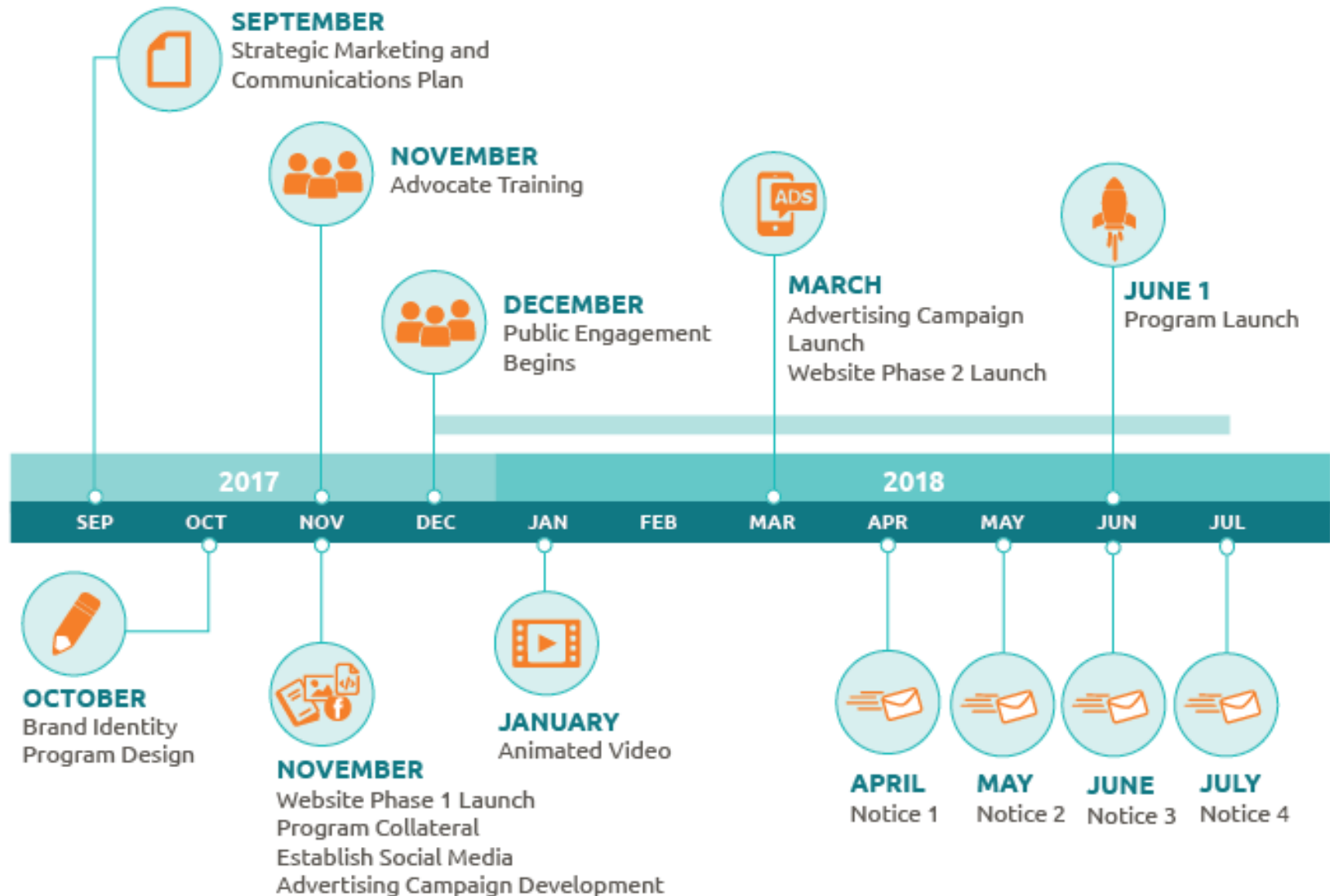
Item 9: VCEA Branding and Communications

Recommendations:

- Receive VCEA *Strategic Marketing and Communications Plan* from Circlepoint and provide direction and feedback as needed.
- Approve final selection of VCEA brand/logo.



Item 9: VCEA Branding and Communications



Item 9: VCEA Branding and Communications

Final Logo Iteration Options:

Option 1



153

Option 2



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Long Range Calendar

Regular Meeting/Location	Topics	Actions
Jan 17, 2017 - County Offices	<ul style="list-style-type: none"> • Appoint Advisory Committee • Review Critical Path Timeline • Review Draft Advisory Committee Conflict of Interest Policy • Adoption of start-up budget • Authorize Baking Services RFP release • Adoption of Regular Meeting Schedule 	<ul style="list-style-type: none"> • Approve • Review • Review • Approve • Approve • Approve
Feb 14, 2017 - Davis City Hall	<ul style="list-style-type: none"> • Revised launch date • Advisory Committee Conflict of Interest Policy 	<ul style="list-style-type: none"> • Approve • Approve
Mar 14, 2017 - County Offices	NO MEETING	
April 11, 2017 - Davis City Hall	<ul style="list-style-type: none"> • LEAN contract Transfer • Energy 101 Study Session • CAC Appointments 	<ul style="list-style-type: none"> • Approve • Informational • Approve
May 9, 2017 - County Offices	<ul style="list-style-type: none"> • City of Woodland Membership Request 	<ul style="list-style-type: none"> • Review
June 13, 2017 - Davis City Hall	<ul style="list-style-type: none"> • City of Woodland Membership Request - Approval • CAC Appointments - Woodland 	<ul style="list-style-type: none"> • Approve • Approve
July 25, 2017 - County Offices	<ul style="list-style-type: none"> • Interim GM • Coop Agreement – City of Woodland • Service provider options direction • Selection of Outreach/Marketing Service Vendor • Implementation Plan - Key Elements 	<ul style="list-style-type: none"> • Approve • Approve • Approve • Review • Review
Aug 8 & 31, 2017 - Davis City Hall	<ul style="list-style-type: none"> • Consideration of service provider options 	<ul style="list-style-type: none"> • Approve
Sept 12- 20, 2017 - County Offices	<ul style="list-style-type: none"> • Draft Implementation Plan • Draft Logo and Outreach Plan 	<ul style="list-style-type: none"> • Review • Review
Oct 10-12, 2017 - Davis City Hall	<ul style="list-style-type: none"> • Draft Implementation Plan • SMUD Services Contract • Program Branding - Logo • Draft Outreach Plan 	<ul style="list-style-type: none"> • Approve • Approve • Approve • Review
Nov 14 & 9, 2017 - County Offices	<ul style="list-style-type: none"> • Approve Load Forecasts/Procurement Approach • Introduction - Energy Trading and Risk Policies • Customer and Data Services Pre-Launch Activity • Outreach Plan • Outreach Materials (e.g. web site) 	<ul style="list-style-type: none"> • Approve • Review • Review • Approve • Approve

Long Range Calendar

Regular Meeting/Location	Topics	Actions
	<ul style="list-style-type: none"> Wholesale Energy Risk and Trading Policies Discussion re: VCEA Bylaws or Policies 	<ul style="list-style-type: none"> Approve Review
Dec 12 14, 2017 - Davis City Hall	<ul style="list-style-type: none"> Discuss Power Mix Targets Review Financials/Adopt Reserve Policy Approve Target Rates for FY 2018-2019 Approve Energy Trading and Risk Mgmt Policies 	<ul style="list-style-type: none"> Approve Approve Review Approve
Jan 11, 2018 – County Offices	<ul style="list-style-type: none"> Review remaining Agency policies 	<ul style="list-style-type: none"> Review
Feb 8, 2018 – Davis City Hall	<ul style="list-style-type: none"> Approve final power mix Approve remaining Agency policies 	<ul style="list-style-type: none"> Approve Approve
Mar 8, 2018 – County Offices	<ul style="list-style-type: none"> Approve FY 2018-2019 Budget Final Rate Approval 	<ul style="list-style-type: none"> Approve Approve
2018 Place Holder		



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Thank you!

Next meeting: November 9, 2017

5:30 pm – Woodland, CA



Item 5: Regulatory & Legislative Update

Key Regulatory Proceedings

- **Customer Choice Workshop, October 31**
- Power Charge Indifference Adjustment (PCIA) Rulemaking Proceeding And Related Matters
- Integrated Resource Planning (IRP)
- CCA Bond Requirements
- PG&E 2018 Energy Resource Recovery Account (ERRA) Proceeding / SCE 2018 ERRA Proceeding
- Renewables Portfolio Standard (RPS)-Procurement Plans
- PG&E's Diablo Canyon Power Plant Closure
- SDG&E's Request to Establish a Marketing Affiliate (Advice Letter 2822-E) (CCA Code of Conduct)
- Tree Mortality Nonbypassable Charge (NBC)
- Proposed CCA Fee Reductions - PG&E General Rate Case (GRC) Phase 2
- Default TOU and ME&O-Residential Rate Rulemaking



Item 5: Regulatory & Legislative Update

Legislative Report/End of 2017 Session

- SB 618 (Bradford) – Procurement Autonomy
- Regionalization/ITC Procurement
- SB 100 (DeLeon) – 100% Carbon Free Energy
- AB 79 (Levine) – Hourly Emissions Reporting
- AB 920 (Aguiar-Curry) - Baseload renewables



Draft Organization Chart – By Position

VCEA ORGANIZATION CHART

DRAFT BY POSITION V1

- VCEA Leadership
- VCEA Staff
- VCEA Contractor
- SMUD Staff on Loan
- SMUD Contract

