



**Valley Clean Energy Alliance (VCEA)
Community Advisory Committee (CAC) Meeting
Thursday, April 25, 2019 at 5:30 p.m.
Valley Clean Energy Administrative Offices (Dresbach, Hunt-Boyer Mansion)
604 2nd Street, Davis, CA 95616**

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 Committee 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.

Committee Members: Gerry Braun (Chair), Christine Shewmaker (Vice-Chair), Marsha Baird (Secretary), Mark Aulman, Yvonne Hunter, Lorenzo Kristov, David Springer, and Christine Casey

5:30 PM CALL TO ORDER

- 1. Welcome, Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment** - This item is reserved for persons wishing to address the Advisory Committee on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.
- 4. Brief VCEA Staff and Advisory Task Group Reports** - Representatives of VCEA staff and active Task Groups will provide updates on on-going staff and task group work. Task Group recommendations requiring Committee attention require a regular agenda item. Summaries of written reports received by the Committee in advance of the meeting will receive a time allocation of up to ten minutes. Otherwise, the time allocation will be five minutes, including questions and answers. The Committee may decide to allocate additional time at the end of the regular agenda.

CONSENT AGENDA

- 5. Approval of draft March 28, 2019 Committee Meeting Minutes.**
- 6. Receive Customer Enrollment Update as of April 18, 2019.**



REGULAR AGENDA

7. **Discuss managing meeting length. (Discussion) (≈10 minutes)**
8. **Request for recommendation from the Community Advisory Committee to the Board of Directors to take immediate steps to enroll solar residential and commercial (Net Energy Metering) accounts in Valley Clean Energy's service area. (Marsha Baird, Chair of Rates and Services Task Group). (Action) (≈45 minutes)**
9. **Request for recommendation from the Community Advisory Committee to the Board of Directors in support of the Dividend Program for 2020 Fiscal Year End. (Marsha Baird, Chair of Rates and Services Task Group). (Action) (≈20 minutes)**
10. **Receive and update Community Advisory Committee 2019 Long-Term Calendar. (≈5 minutes)**
11. **Advisory Committee Member and Staff Announcements (≈5 minutes)** Action items and reports from members of the Advisory Committee, including announcements, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

The next Community Advisory Committee meeting has been scheduled for Thursday, May 23, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, 2nd Floor, 300 1st Street, Woodland, CA 95695.

The next Valley Clean Energy Alliance *Board* meeting is scheduled for Thursday, May 9, 2019, at 5:30 p.m. at the City of Woodland Council Chambers, 2nd Floor, 300 1st Street, Woodland, CA 95695.

12. **Adjournment (Approximately 7:30 p.m.):** 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 2nd Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. Documents are also available on the Valley Clean Energy website located at: www.valleycleanenergy.org/meetings.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report - Item 5

TO: VCEA Community Advisory Committee
FROM: Alisa Lembke, Board Clerk/Administrative Analyst
SUBJECT: CAC Draft March 28, 2019 Meeting Minutes
DATE: April 25, 2019

Recommendation

Receive, review and approve the attached draft March 28, 2019 CAC meeting Minutes.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, MARCH 28, 2019**

Chair Braun opened the Community Advisory Committee of the Valley Clean Energy Alliance in regular session on Thursday, March 28, 2019 beginning at 5:32 p.m. at the City of Woodland Council Chambers located at 300 1st Street, Woodland, California.

Welcome and Roll Call

Committee Members Present: Gerry Braun (Chair), Christine Shewmaker (Vice-Chair), Marsha Baird (Secretary), Mark Aulman, Yvonne Hunter, Christine Casey and Lorenzo Kristov

Committee Members Absent: David Springer

Approval of Agenda Mark Aulman made a motion to approve the March 28, 2019 Agenda, seconded by Marsha Baird. Motion passed unanimously with David Springer absent.

Public Comment Chair Braun opened the floor for public comment.

Larry Guenther, resident of Davis and Committee Member of Tree Davis, commented that Tree Davis’ and Valley Clean Energy’s missions are in alignment. Tree Davis encourages the planting of trees to support their efforts of reducing the carbon footprint and enhancing and expanding the urban forest throughout Yolo County. He informed those present that “a day of giving” is coming up on May 3rd. Tree Davis looking for donations and will match the amount donated. Mr. Gunther asked that the Committee recommend to the Board that they donate funds to Tree Davis.

Julia Jones, Urban Forest Supervisor at the City of Davis is piggybacking on Mr. Guenther’s comments and would like to share information with the Committee. She provided several copies of information. She would also like to form a relationship with VCE.

Chair Braun thanked the public for their comments and closed the public comment period.

VCEA Staff and Advisory Task Group Reports

Regulatory/Legislative Task Group – Yvonne Hunter informed those present that the Task Group is looking to meet with the lobby consultant team, Pacific Policy Group, and Interim General Manager Mitch Sears. Mr. Sears informed those present that CalCCA has scheduled an April 3rd Lobbyist Day with numerous CCAs wherein meetings have been scheduled with legislative offices. There are currently no bills being supported or addressed.

Outreach Task Group – Mr. Aulman provided an update on the website and informed those present that there will be a location on the new site for Committee and Board Members to blog. The Fingertip facts brochure is in production, which provides an overall summary of VCE. Opt up window clings and letter went out to those customers who opted up to UltraGreen – 100% renewable. Opt eds (earned media) have been prepared for the local media.



Rates and Services Task Group – Ms. Baird informed those present that several items are on the regular agenda which will provide a summary of what they have been working on.

Interim General Manager Mitch Sears provided a brief status of the PG&E Bankruptcy, which is being monitored by VCE and CalCCA, and has slowed down over the past several weeks. He informed those present that Governor Newsom expressed in a letter that in PG&E’s efforts to reconstruct, they are placing members on the Board that are not the best representation of California rate payers. He also mentioned that numerous proposals are being offered with one being that large financial institutions throwing out the idea of funding PG&E to get them out of bankruptcy sooner than later.

Approval of Items on Consent Agenda

Ms. Baird made a motion approve the items 5 and 6 on the Consent Agenda, seconded by Mr. Aulman. Motion passed unanimously with David Springer absent. The following items were approved:

- Item 5 – February 28, 2019 Committee Meeting Minutes
- Item 6 – Receipt of Customer Enrollment Update as of March 22, 2019.

Reassessment of Solar Home and Business (Net Energy Metering)

Ms. Baird provided an overview of a draft report that the Rates and Services task group prepared regarding NEM enrollment. The Task Group would like input from the other Members. Their feedback will be incorporated into a final report and recommendation and will be provided to the CAC at their next meeting in April.

Ms. Baird reviewed the key points that the Task Group would like the Board of Directors to consider when evaluating whether to enroll NEM customers prior to 2020.

The CAC members requested that Staff provide information and associated costs of bringing in NEM legacy as soon as possible. Mr. Sears reminded those present that there are noticing requirements and billing change costs associated with bringing on the legacy NEM customers. A 5-6 months lead time would be needed. This item along with best available information from Staff will be provided to the CAC at their April 25, 2019 meeting.

Rate Structure / Dividend Program

Ms. Baird reviewed the draft report prepared by the Rates and Services Task Group regarding Staff’s proposed Rate Structure / Dividend Program. Within the draft report, the Task Group made one additional recommendation to the proposed program, that dividends should not be paid out until all accounts in the VCE service area have been enrolled or are in the process of being enrolled. The Task Group is seeking the Committee’s comments on the draft report. Their feedback will be incorporated into the final report and recommendation and will be provided to the CAC at their next meeting in April.

The CAC discussed the verbiage of the proposed addition. Ms. Hunter made a motion that the Task Group rewrite and clarify the verbiage regarding “...all accounts in the



VCE service area...” Later, Ms. Hunter rescinded her motion. As mentioned above, a draft report and recommendation will be presented to the CAC at their April meeting for final approval.

**Long Term
Renewable
Solicitation Short
List
(Informational)**

Mr. Sears reminded those present that items 9 and 10 are informational, but that the information provided should be helpful for future discussions and build a foundation of knowledge for the members.

VCE Staff Gary Lawson reviewed slides showing the criteria, bids and procedure for developing a short list of two solar projects. Next step is to negotiate PPAs (Power Purchase Agreements) and obtain Board approval.

A discussion occurred on timeline, implicit combined premium, other kinds of renewables that could be purchased in the future to help with baseload, and battery storage.

Chair Braun opened the floor to public comment.

Ms. Kate Kelly of KG Consulting, representing Defenders of Wildlife, thanked Staff for including environmental criteria in the Request for Offers. The industry wide observation is that CCAs are being looked at as more reliable buyers compared to the large IOUs.

**Long Term Load
Forecast**

Mr. Lawson reviewed slides on the Load Forecast that will be submitted for the 2019 biannual Integrated Energy Policy report due April 19, 2019. Mr. Lawson reviewed the background, factors that were used to forecast load, customer specific load shapes, including residential electric vehicle and net metered photovoltaic adoption, and other future considerations.

**Residential Time
of Use
(Informational)**

VCE Staff Jim Parks reviewed residential time of use (TOU) rates being proposed by PG&E. PG&E is asking VCE to decide by October 2019 if it will use these rates, which would be implemented in February 2021. They would apply to about half of VCE’s residential customers. Mr. Parks reviewed the 13-month implementation schedule and TOU pilot results on electric load reduction. A discussion occurred on VCE’s ability to set its own rates, bill protection impacts, and the goal of changing customer’s habits. Mr. Parks informed those present that PG&E has offered to speak with the Board at a future meeting about the program.

**Long Term 2019
Calendar**

The CAC asked that a few proposed topics be moved and/or adjusted on the CAC’s calendar:

1. add to the 4/25/19 CAC meeting agenda New Rate Structure / Dividend Program – finalization of CAC recommendation to the Board;
2. remove NEM Enrollment - Reassessment from 5/23/19 CAC meeting agenda; and,
3. remove from 5/23 CAC NEM Enrollment Reassessment.



**Advisory
Committee
Member and Staff
Announcements**

Ms. Shewmaker asked what the status was from hearing back from the other CCA's on whether their advisory committees can be contacted. Mr. Sears informed those present that he brought this up at the last CalCCA meeting -- that VCE's CAC would like to interact with other advisory groups -- and asked other CCAs to get back to him if there is interest. So far, there has been no response. CAC requested that at the next CalCCA meeting Mr. Sears relay that VCE's CAC will contact other advisory groups unless he is contacted and asked for this contact not to happen.

Mr. Kristov suggested that the agenda be timed so that meeting topics are discussed within two (2) hours.

**Adjournment and
Next Meeting**

Chair Braun adjourned the meeting at 8:19 p.m. until the next meeting scheduled for Thursday, April 25, 2019 at 5:30 p.m. at Valley Clean Energy's administrative offices located at 604 2nd Street, Davis, California.

Alisa Lembke
Board Clerk/Administrative Analyst

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: VCEA Community Advisory Committee
FROM: Mitch Sears, Interim General Manager, VCEA
SUBJECT: Customer Enrollment Update (Information)
DATE: April 25, 2019

RECOMMENDATION

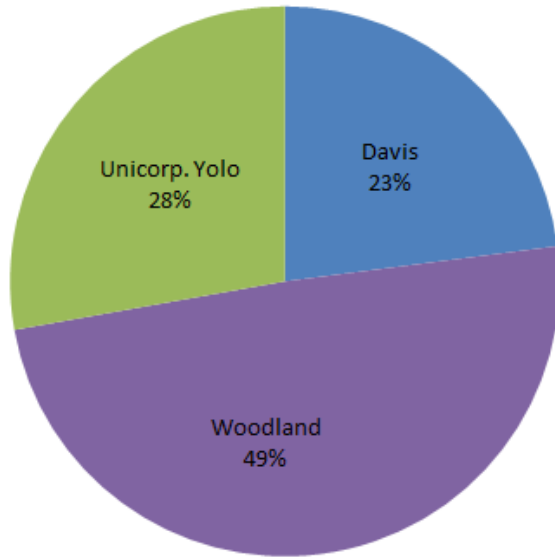
Receive the Customer Enrollment update as of April 18, 2019.

Attachment:

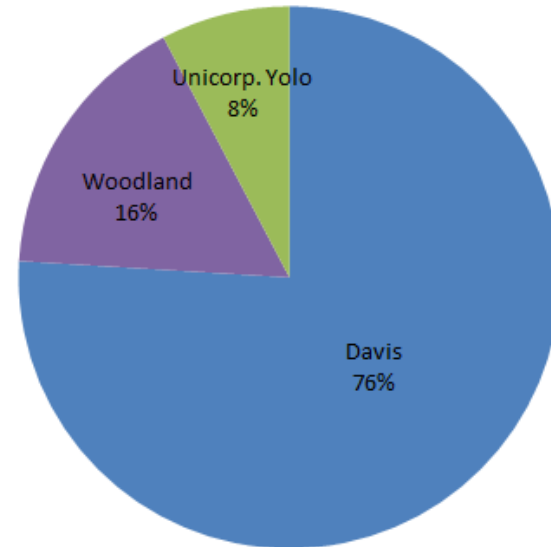
1. April 18, 2019 Customer Enrollment update

Enrollment Update

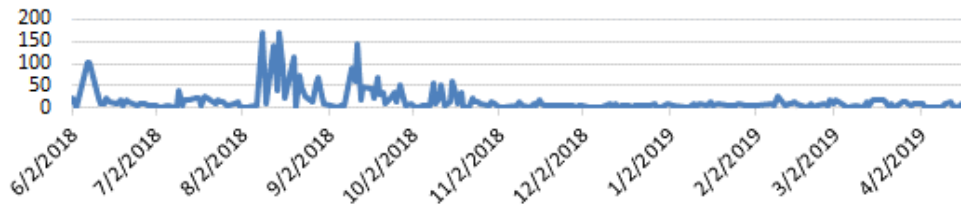
4,744 Opt Outs
7% of customers



104 Opt Ups



Daily Opt Outs



	Eligible	Opt-Out	% Opt Out
Residential	56,500	4,016	7.1%
Non-Residential	8,500	728	8.6%
Total	65,000	4,744	7.3%

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



VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: VCE Community Advisory Committee

FROM: Mitch Sears, Interim General Manager

SUBJECT: Reassessment of Solar Residential and Commercial (Net Energy Metering) Enrollment Date

DATE: April 25, 2019

Recommendation

Staff recommends that the Community Advisory Committee:

1. Continue to support the VCE Board objective of enrolling Net Energy Metering (NEM) customers as soon as possible.
2. Continue to work with Staff to develop plans for enrollment that address the long-term benefits and costs associated with enrolling NEM customers in VCE.

Background/Analysis

In 2018 two regulatory actions by the State reduced VCE's projected revenue by more than 10%: (1) increase of the Power Charge Indifference Adjustment (PCIA) by the California Public Utilities Commission which is an exit fee from PG&E service, and (2) a forecast error by the California Energy Commission for Resource Adequacy (RA) that increased VCE's obligation to purchase this type of power by approximately 20%. Though VCE and other CCA's worked hard to address these impacts within the regulatory process, the magnitude, volatility and uncertainty associated with these costs forced the VCE Board to respond to secure VCE's financial position. In December 2018 the VCE Board made a difficult decision to eliminate rate discounts and to postpone enrollment of existing NEM customers that were scheduled to be rolled into VCE service beginning in January 2019.

As part of its discussion over several meetings leading up to and including the December 2018 meeting, the VCE Board expressed strong interest in enrolling NEM customers as soon as possible but no later than 2021. The 2021 date served as a "back stop" since that was when long-term renewable contracts would begin delivering higher renewable energy levels at lower cost than the current short-term contracts. The Board directed staff to bring the NEM enrollment strategy back for consideration in June 2019 to see if it would be possible to begin enrollment in 2020. Staff is on schedule to bring back updated financials and analysis of NEM enrollment options for Board consideration in June.

Task Group Report

In early 2019 the Committee's Task Group on Rates and Services began analyzing several rate related issues including the NEM policy. Over the past several weeks Staff has worked with the

Task Group to provide financial and general background information that helped inform the Task Group's report (Attachment 1). Following its analysis found in the report, the Task Group offered the following recommendation for consideration by the Committee:

The Rates and Services Task Group recommends that VCE staff and the Board:

1. Recognize and acknowledge that:
 - a) VCE's financial outlook has improved since the second solar enrollment deferral decision was made;
 - b) VCE has financial flexibility and budgeting options to mitigate any negative financial impacts of policy changes and cost increases;
 - c) Enrolling and collaborating with these future customers would enhance existing strategic benefits of local solar deployment to VCE and its member communities.
2. Take immediate steps to enroll the solar residential and commercial accounts in its service area.

Following review of the report, staff and the Task Group discussed the report. In this discussion, staff indicated that it had identified several areas of the report that it believed could benefit from additional clarification or information. It was agreed that staff would offer these comments as part of the staff report on the agenda item. The section below provides this additional information and staff perspective on the background and key points sections of the Task Group report that may be helpful as the Committee considers the Task Group and Staff recommendations. Note: Staff offers these comments not as a critique but in recognition that Staff has access to more information and resources than available to the Task Group. Additionally, many of the Staff comments below may be fully or partially acceptable to the Task Group but report deadlines prevented full consideration in advance of distribution to the Advisory Committee.

- Staff comments on the Task Group Report Background Section.
 - NEM penetration rate. Staff believes the report could expand on the opportunities and challenges associated with the current 11% NEM penetration rate in the VCE service territory and the projected growth of 1,000 new systems per year. From a NEM perspective, VCE would have one of, if not the highest adoption rates in California and is already where the rest of the state is headed in terms of NEM adoption. The enrollment of NEM customers provides VCE an opportunity to develop ways to value the GHG savings NEM customers produce while simultaneously addressing the sustainability of the current rate incentives associated with the NEM customer class. Staff believes these implications for VCE should be more fully addressed in the report and recommendations.
 - NEM enrollment delay. Staff believes that it would be helpful to clarify that the original NEM delay was based on concerns expressed by a local solar provider and solar customers that enrollment would create one-time costs for NEM customers. The VCE Board subsequently adopted a revised NEM policy that

addressed this issue. Staff believes it is important to note that VCE was prepared to enroll NEM customers beginning in June 2018 but postponed the enrollment to address the potential negative financial impacts to NEM customers.

- Elimination of rate discounts. The Background section does not reference the Board decision to also eliminate rate discounts which impacted all VCE customers. While NEM customer enrollment was delayed, all VCE customers contributed to the measures needed to strengthen VCE's financial position. Staff believes it is important for readers of the report to understand this context.
- Additional clarification on the timing of NEM enrollment. The Background section could also offer additional clarification on the timing of when NEM customers may be enrolled. As the report notes, the second delay of NEM customer enrollment was impacted by regulatory decisions outside the control of VCE. It further notes that no specific enrollment date has been provided to existing NEM customers. Staff believes it is important to clarify that two primary drivers led the VCE Board to identify a date range for NEM enrollment (not earlier than 2020 but not later than 2021), rather than a specific date: (1) regulatory/2019 rate uncertainty and (2) cost savings associated with the delivery of long-term renewable contracts beginning in 2021. While it was not practical to provide an exact date in December 2018, VCE did send a letter to all existing NEM customers (and post to the web site), explaining that their enrollment would be delayed for at least one year. The letter further explained that the VCE Board would review the NEM policy in mid-2019 at which time the VCE Board would have more and better information to set a target enrollment date.
- Key Points to Consider Section.
 - Connection of NEM enrollment with long-term renewable contracting. The Key Points section does not include reference to a primary reason VCE established 2021 as the latest NEM customers would be enrolled. Consistent with its Integrated Resource Plan (IRP), VCE is in the process of negotiating for long-term renewable energy contracts that will replace the relatively expensive short-term renewable contracts that currently provide energy to VCE customers. The lead-time associated with these long-term renewable contracts (i.e. solicitation process, contract negotiation, and project construction and grid interconnection), has these projects expected to come on-line in 2021. This will enable VCE to meet regulatory requirements for long-term renewable contracting and begin to see cost savings in 2021 as these contracts replace existing short-term renewable contracts. The VCE Board's decision on the timing of NEM customer enrollment (no later than 2021) was related, in part, to the timing of when these long-term renewable contracts would be in place. The assumption is that VCE will be in a stronger financial position at that time and in a better position to offer incentive programs like NEM. Staff believes it is important for readers of the report to understand this context.

- Service to customers. Key Point 1 of the report states that VCE needs to serve all its customers regardless of the uncertainty of the fiscal circumstances. It could be helpful to clarify that VCE must offer service to potential customers and can address fiscal uncertainty by setting rates to recover costs or taking other actions to ensure it is in a fiscally sound position. With its decision, after careful consideration, the Board chose to both raise rates and phase in a customer class that had not yet been enrolled. It would also be helpful to note that in its desire to offer service to all potential VCE customers as soon as possible, the VCE Board provided direction that NEM customers should be enrolled in 2020 if financial and regulatory volatility and uncertainty abated.
- VCE financial position. VCE Staff assisted in running various fiscal scenarios that are attached to the Task Group report. The preliminary projections provided by Staff do show an improved financial position as generally referenced in Key Point 2 of the report. Staff believes it is important to note that while the delay in implementing the 2019 PCIA and rates temporarily improves VCE's fiscal position, prudent fiscal management dictates that savings associated with this PCIA and rate delay should be reserved to soften anticipated rate volatility for customers as the new PCIA and PG&E rates are implemented in the second half of 2019 into 2020.

The Task Group report is accurate that projections have improved based on updated forecasts of the 2019 PCIA and PG&E rates. These projections will remain projections until actual PCIA and PG&E rates are approved by the CPUC (now delayed until May). Staff believes the Task Group recommendations calling for the Board and staff to recognize and acknowledge that VCE has financial flexibility and budgeting options to mitigate any negative financial impacts of policy changes and cost increases is premature. Additionally, it is not clear to Staff if this conclusion reached by the Task Group includes consideration of long-term fiscal implications associated with current NEM rate structures (i.e. Resource Adequacy requirements of NEM customers that are not currently accounted for in VCE rates).

- Customer enrollment. As noted above in comments on Key Point 1, it would be helpful to clarify in Key Point 4 of the report that VCE must offer service to potential customers and can do so by phasing enrollment. Additionally, it should be noted that VCE legal counsel previously reviewed the phasing plan and found that it is consistent with applicable governing statutes for CCA's.

Conclusion

Staff believes that the Task Group work and report is important and provides the Committee and staff with background and carefully considered findings that should factor into future analysis of the issues identified. Staff supports the overall objectives it draws from the report to establish a specific plan for when and how NEM customers will be enrolled and to begin executing that plan as soon as possible. However, Staff does not reach the same conclusion

that VCE has all the information it needs to accelerate the enrollment plan without having the ability to incorporate the actual 2019 PCIA/PG&E rates into the analysis or a plan to address the Resource Adequacy requirements of NEM customers that are not currently accounted for in VCE rates. Staff does believe that it is likely that these factors can be incorporated into the analysis for the June Board consideration but not before.

Based on these factors and the comments on the Task Group report, Staff is recommending that the Advisory Committee support the objective of enrolling NEM customers as soon as possible consistent with the previous Board direction and comments. Staff further suggests that the Committee continue to work with Staff to prepare alternatives for NEM enrollment for consideration by the Board in June as originally scheduled. This has the advantage of having the 2019 PCIA and PG&E rates in hand so that better informed decisions can be made regarding the timing of NEM enrollment.

Attachment

1. Rates and Services Task Group NEM Enrollment Reassessment Report and Recommendation.

***NEM Enrollment Reassessment Report and Recommendation
Rates and Services Task Group
4/25/19 CAC Meeting***

Background:

There are approximately 7,000 residential and commercial solar accounts in the VCE service area with installations prior to VCE's launch in June 2018. These future VCE customers will represent 11% of VCE's 65,000 customers. The enrollment of these legacy solar accounts has been delayed twice by VCE. First, in May 2018 solar enrollment was delayed from June 2018 to January 2019 in order to develop a revised NEM policy to incorporate some of the benefits of PG&E's NEM policy. Second, in December 2018 solar enrollment was further delayed. The current NEM postponement was a financially-based decision made in November 2018 intended to mitigate the budgetary impacts of the expected increase in PCIA costs, increased power costs and increased RA requirements. No date has been communicated to these solar residential and commercial accounts for when they will be enrolled as VCE customers. In December 2018 they received a letter stating their enrollment would be delayed for at least one year. The letter further stated that the policy would be reviewed in mid-2019 at which time the VCE Board would decide whether to end or extend the deferral.

Key Points to Consider:

1. Financial uncertainty will continue with the PG&E bankruptcy. PG&E has asked for numerous delays in calculating the revised PCIA costs and PG&E rates for 2019, which has made financial planning difficult. VCE needs to serve all of its customers regardless of the volatility and uncertainty in the business. All customers are affected by the increase in PCIA costs, the increase in power costs and the increase in RA (resource adequacy) requirements, yet solar accounts are being singled out as causing VCE financial strain and are being told to wait. While there are some carry costs associated with the annual true-ups in the current NEM policy, this should not be a reason to delay their enrollment further.
2. Due to the continued delays by the CPUC and PG&E in finalizing the PCIA costs for 2019, VCE's financial outlook for FY18/19 is better than previously estimated. The operating budget provided at the March 2019 Board meeting showed an estimated Net Income of \$5,101 for FY18/19 vs \$3,821 estimated in November 2018. VCE is building reserves in FY18/19, with the Net Margin currently estimated to be 10% (well above the target 5%). (See Tables 1 & 2). The outlook for FY19/20 and FY20/21 is also currently estimated to be better than the financials presented in November 2018 as the estimated increase in PCIA costs is lower.

VCE Staff has prepared three scenarios with preliminary forecasts for FY19/20 and FY20/21, and looked at the effects of NEM enrollment starting in January 2020 or January 2021. (See Table 3) Current expectation is that the CPUC will determine 2019 PCIA costs and PG&E rates in early May. These would go into effect July 1st or possibly September 1st.

Note: The task group also considered a number of potential changes to the NEM policy, such as removing the additional one cent per kWh for excess generation, and bringing in residential customers first, then commercial. The financial impact of these potential changes was minimal (see Table 4).

3. Solar customers are natural partners for VCE. They bring zero carbon energy to the grid and to their community. Solar residential and commercial accounts in Yolo County generated an estimated 160 GWh in 2018, or 9 percent of Yolo County electricity usage. This percentage will increase as more and more residential and commercial VCE customers add solar. As the number of solar customers increase, VCE can partner with them in the development of more local programs such as local storage. Solar customer investment and decisions should be recognized and acknowledged by VCE as a major, quantifiable economic and decarbonization benefit to Yolo County and the VCE member communities. A new proposed bill AB-961 directs the CPUC to define and prioritize non-energy benefits in clean energy and energy efficiency programs. Enrolling the legacy solar customers and partnering with them on initiatives will provide such benefits while also benefitting VCE.
4. VCE has a legal obligation to serve all the accounts in its service area, though it has leeway in staging enrollment. The Rates and Services Task Group has not evaluated any potential litigation or other risks associated with enrollment deferrals.

Recommendation:

The Rates and Services Task Group recommends that VCE Staff and the Board:

1. Recognize and acknowledge that: a) VCE's financial outlook has improved since the second solar enrollment deferral decision was made, b) VCE has financial flexibility and budgeting options to mitigate any negative financial impacts of policy changes and cost increases, and c) enrolling and collaborating with these future customers would enhance existing strategic benefits of local solar deployment to VCE and its member communities.
2. Take immediate steps to enroll the solar residential and commercial accounts in its service area.

Table 1. Financial Impacts of PCIA and Policy Modifications (Presented to Board November 15, 2018)

Policy Modification Action	Fiscal Impact (\$1,000's)	
	FY 2018/19	FY 2019/20
Net income before policy modifications	\$2,259	\$(911)
Postpone NEM enrollment	\$779	\$1,767
Match PG&E generation rate	\$783	\$1,744
Net income after policy modifications	\$3,821	\$2,600

Table 2. VCE Preliminary Operating Budget (Presented to Board March 14, 2019)

**VALLEY CLEAN ENERGY
PRELIMINARY OPERATING BUDGET
FY 2019/2020**

	APPROVED BUDGET FY2018/2019	ACTUAL YTD JAN 31, 2019 (7 MO) + FORECAST (5 MO) FY 2018/2019	PRELIMINARY BUDGET FY 2019/2020
OPERATING REVENUE	\$ 54,314	\$ 49,526	\$ 47,260
OPERATING EXPENSES:			
Cost of Electricity	41,103	40,207	40,144
Contract Services	2,719	2,444	2,599
Staff Compensation	1,358	1,047	1,200
General, Administration and other	1,094	554	620
TOTAL OPERATING EXPENSES	46,274	44,252	44,563
TOTAL OPERATING INCOME	8,040	5,274	2,697
NONOPERATING REVENUES(EXPENSES)			
Interest income	89	25	54
Interest expense	(590)	(194)	(175)
TOTAL NONOPERATING REVENUE (EXPENSES)	(501)	(169)	(121)
NET MARGIN	\$ 7,539	\$ 5,105	\$ 2,576
NET MARGIN %	13.88%	10.31%	5.45%

Table 3. Three Scenarios: Preliminary Forecasts prepared by VCE Staff

Valley Clean Energy						
	Current Forecast		Brown Power True-up		PCIA - inc 5% in 2020	
ROLL IN 2020	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Revenue	47,147	52,801	48,833	54,003	46,612	51,508
Power Costs	40,997	45,933	40,997	45,933	40,997	45,933
Gross Margin	6,150	6,868	7,836	8,070	5,615	5,575
Operating costs	4,497	4,740	4,489	4,719	4,498	4,750
Net income	1,653	2,128	3,347	3,351	1,117	825
Net Margin %	3.5%	4.0%	6.9%	6.2%	2.4%	1.6%
ROLL IN 2021						
Revenue	47,098	48,174	48,795	49,266	46,551	47,001
Power Costs	40,407	41,657	40,407	41,657	40,407	41,657
Gross Margin	6,691	6,517	8,388	7,609	6,144	5,344
Operating costs	4,438	4,554	4,430	4,534	4,438	4,564
Net income	2,253	1,963	3,958	3,075	1,706	780
Net Margin %	4.8%	4.1%	8.1%	6.2%	3.7%	1.7%
DIFFERENCE						
Revenue	49	4,627	38	4,737	61	4,507
Power Costs	590	4,276	590	4,276	590	4,276
Gross Margin	-541	351	-552	461	-529	231
Operating costs	59	186	59	185	60	186
Net income	-600	165	-611	276	-589	45
Forecast Assumptions:						
	Current Forecast		Brown Power True-up		PCIA - inc 5% in 2020	
PCIA Fee	2019	17%	2019	5%	2019	17%
	2020	-0.5%	2020	5%	2020	5%
	2021	-1%	2021	-1%	2021	-1%
PG&E rates (same for all 3 scenarios)	2019	-2%	2019	-2%	2019	-2%
	2020	0%	2020	0%	2020	0%
	2021	3%	2021	3%	2021	3%

Table 4. Financial impact of removing the additional one cent for excess solar production. The task group also considered enrolling residential accounts, then commercial but Staff did not have time to prepare the financials for this report. However, a previous analysis showed minimal impact.

Valley Clean Energy				
	Current Forecast		Current Forecast elim \$.01	
ROLL IN 2020	2019/2020	2020/2021	2019/2020	2020/2021
Revenue	47,147	52,801	47,172	52,881
Power Costs	40,997	45,933	40,997	45,933
Gross Margin	6,150	6,868	6,175	6,948
Operating costs	4,497	4,740	4,497	4,740
Net income	1,653	2,128	1,678	2,208
Net Margin %	3.5%	4.0%	3.6%	4.2%
ROLL IN 2021				
Revenue	47,098	48,174	47,098	48,200
Power Costs	40,407	41,657	40,407	41,657
Gross Margin	6,691	6,517	6,691	6,543
Operating costs	4,438	4,554	4,438	4,554
Net income	2,253	1,963	2,253	1,989
Net Margin %	4.8%	4.1%	4.8%	4.1%
DIFFERENCE				
Revenue	49	4,627	74	4,681
Power Costs	590	4,276	590	4,276
Gross Margin	-541	351	-516	405
Operating costs	59	186	59	186
Net income	-600	165	-575	219
Forecast Assumptions:				
	Current Forecast		Current Forecast elim \$.01	
PCIA Fee	2019	17%	2019	17%
	2020	-0.5%	2020	-0.5%
	2021	-1%	2021	-1%
PG&E rates (same for all 3 scenarios)	2019	-2%	2019	-2%
	2020	0%	2020	0%
	2021	3%	2021	3%

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Community Advisory Committee

FROM: Alisa Lembke, Board Clerk – Administrative Analyst

SUBJECT: Dividend Program

DATE: April 25, 2019

This memorandum transmits the Rates and Services Task Group's *final* recommendation to the Community Advisory Committee (CAC) on the Dividend Program.

RECOMMENDATION TO CAC MEMBERS FROM TASK GROUP

That the CAC is in support of adopting the Dividend Program with the addition that dividends should not be paid out until legacy NEM accounts (accounts with solar installations prior to June 2018) in the VCE service area have been enrolled or are in the process of being enrolled.

BACKGROUND

In January 2019, staff recommended that the Community Advisory Committee (CAC) create a task group to collaborate with staff to develop a new rate structure and dividend program for VCE's 2020 fiscal year. The CAC created a Rates and Services Task Group and have collaborated with staff in developing a draft New Rate Structure / Dividend Program.

A preliminary draft New Rate Structure / Dividend Program was provided to the CAC at your February 28, 2019 meeting. The Committee's comments and suggestions were incorporated into draft Dividend Program Guidelines, then presented to the Board of Directors at their March 14, 2019 meeting for their comments. Those comments were then communicated to the Rates and Services Task Group for consideration.

The Rates and Services Task Group presented their draft recommendation to the Committee for comments and suggestions at your March 28, 2019 meeting. The attached is the Rates and Services Task Group's report with a recommendation that the Committee support the adoption of the Dividend Program with one addition.

Attachment: Rates and Services Task Group report and recommendation on Rate Structure / Dividend Program

***New Rate Structure/Dividend Program Recommendation
Rates and Services Task Group
4/25/19 CAC Meeting***

Background:

At the February 28, 2019 CAC Meeting, VCE Staff presented an overview of a proposed dividend program which would offer bill credits to VCE customers if certain financial thresholds are met. This program would be in lieu of any discounts to PG&E's rates. Staff presented a similar overview to the VCE Board on March 14, 2019. The Rates and Services Task Group met with Staff and assisted in the development of the Guidelines for the Dividend program (attached).

Recommendation:

The Rates and Services Task Group is in support of the Dividend Guidelines presented by VCE Staff with one addition – the task group recommends that dividends should not be paid out until legacy NEM accounts (accounts with solar installations prior to June 2018) in the VCE service area have been enrolled or are in the process of being enrolled. The enrollment of legacy NEM accounts was delayed in November 2018 due to financial constraints caused by the expected increase in 2019 PCIA costs and increased resource adequacy (RA) requirements. The task group feels that it would be inappropriate to pay dividends to current customers, which is a sign of financial strength, when legacy NEM customers have been told they cannot be enrolled due to financial constraints. Further, the task group recommendation supports VCE's mission to provide "cost-competitive clean energy" for all.

Valley Clean Energy Alliance

Dividend Program Guidelines

- Match PG&E electric generation rates less PCIA exit fee
- Require a minimum 5% net margin (less principal debt payments) before any dividends are paid to VCE customers
- Annually based on the audited financial statements:
 - Calculate the Net margin less principal debt payments
 - If Net margin < 5% - no customer dividends and Board determine allocation of net margin to Cash reserves and Local Program reserves
 - If Net margin > 5% - Board determine allocation of any surplus (over 5%) to Cash reserves, Local Program reserves and Customer Dividends
- Guidelines of Allocation of Net Margin
 - Net Margin ≤ 5%
 - Up to 95% to Cash Reserves (Until 90-days of cash reserves met)
 - At least 5% to Local Program Reserves
 - Net Margin > 5%
 - Follow guidelines for Net Margin up to 5%
 - Net margin in excess of 5%:
 - At least 50% to Cash Reserves (Until 90-days cash reserves met)
 - Remaining excess split 50%/50% between Cash Dividends and Local Programs Reserve
- Board approves allocation of Net Margin on or around the September Board meeting
- Any surplus allocation to customer dividends will appear as bill credits or the customer may have the option to apply their dividend to the Local Program Reserve. Customer dividends will appear as bill credits as follows:
 - Residential customers – annually in October bill
 - Non-residential customers – bi-annually in October and April bills

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 10

TO: VCE Community Advisory Committee
FROM: Alisa Lembke, Board Clerk/Administrative Analyst
SUBJECT: Board and CAC 2019 Long Range Calendar
DATE: April 25, 2019

Attached for your review is the 2019 Board and Community Advisory Committee (CAC) 2019 Long Range Calendar. Please advise if it needs to be amended.

Attachment:

1. 2019 Board and CAC Long Range Calendar

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 <ul style="list-style-type: none"> • Procurement Authority / Procure Energy for 2020 • Schedule of New Rate Structure / Rebate Program 	<ul style="list-style-type: none"> • Action • Informational
January 24, 2019	Advisory Committee WOODLAND	Thursday, January 24 th at City of Woodland Council Chambers, Woodland <ul style="list-style-type: none"> • Preliminary Discussion on New Rate Structure / Rebate Program (Dividend) 	<ul style="list-style-type: none"> • Discussion / Formation of Task Group / timeline
February 14, 2019	Board DAVIS	<ul style="list-style-type: none"> • ERRA/PCIA/PG&E 	<ul style="list-style-type: none"> • Discussion
February 28, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Action: Draft Recommendation • Informational • Action: Approve plan / Introduction to Green Ideals • Informational • Informational
March 14, 2019	Board WOODLAND	<ul style="list-style-type: none"> • Preliminary FY19/20 Operating Budget (Regular) • New Rate Structure / Dividend Program – Review Preliminary Recommendation and Staff Report 	<ul style="list-style-type: none"> • Review • Review and provide feedback
March 28, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Action: Finalize Recommendation to Board • Discussion • Discussion • Information

		<ul style="list-style-type: none"> • Long Term Renewable Solicitation Short List • Ideas of Possible Local Programs 	<ul style="list-style-type: none"> • Information • Information/Discussion
April 11, 2019	Board DAVIS	<ul style="list-style-type: none"> • Long Term Load Forecast – Biannual 2019 Integrated Energy Planning Report • Long Term Renewable Solicitation Short List 	<ul style="list-style-type: none"> • Information • Information
April 25, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Net Energy Metering (NEM) Enrollment – Reassessment – Finalize Report and Recommendation • New Rate Structure / Dividend Program – Finalize Report and Recommendation 	<ul style="list-style-type: none"> • Action: Finalize • Action: Finalize
May 9, 2019	Board WOODLAND	<ul style="list-style-type: none"> • Net Energy Metering (NEM) Enrollment Reassessment Report • Residential Time of Use Rate Classes (PG&E Presentation) • New Rate Structure / Dividend Program 	<ul style="list-style-type: none"> • Action • Informational • Action: Approve
May 23, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes • Possible Local Programs 	<ul style="list-style-type: none"> • Discussion • Informational
June 13, 2019	Board DAVIS	<ul style="list-style-type: none"> • Final Approval of FY19/20 Operating Budget 	<ul style="list-style-type: none"> • Approval
June 27, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes • Local Resource Development 	<ul style="list-style-type: none"> • Discussion • Discussion
July 11, 2019	Board WOODLAND	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
July 25, 2019	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes (Draft Report) • Local Resource Development 	<ul style="list-style-type: none"> • Discussion • Discussion
August 8, 2019	Board DAVIS	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
August 22, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes – Finalize Report and Recommendation • Local Resource Development • Revised Procurement Guide – Review 	<ul style="list-style-type: none"> • Action: Finalize • Discussion • Discussion
September 12, 2019	Board WOODLAND	<ul style="list-style-type: none"> • Residential Time of Use Rate Classes Report 	<ul style="list-style-type: none"> • Action
September 26, 2019	Advisory Committee	<ul style="list-style-type: none"> • Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Review Draft Recommendation 	<ul style="list-style-type: none"> • Discussion

	WOODLAND		<ul style="list-style-type: none"> • Discussion
October 10, 2019	Board DAVIS	<ul style="list-style-type: none"> • Approval of FY18/19 Audited Financial Statements (James Marta & Co.) • Update on Integrated Resource Plan 	<ul style="list-style-type: none"> • Action • Information
October 24, 2019	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide- Review Draft Recommendation • Update on Integrated Resource Plan 	<ul style="list-style-type: none"> • Discussion • Discussion • Information
November 14, 2019	Board WOODLAND	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
November 28, 2019 Thanksgiving Holiday – need to reschedule	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Committee Evaluation of Calendar Year End (Draft Report) • Revised Procurement Guide – Finalize Recommendation to Board 	<ul style="list-style-type: none"> • Discussion • Action: Recommendation to Board
December 12, 2019	Board DAVIS	<ul style="list-style-type: none"> • Election of Officers for 2020 	<ul style="list-style-type: none"> • Nominations
December 26, 2019 Need to reschedule	Advisory Committee DAVIS	<ul style="list-style-type: none"> • Election of Officers for 2020 • Finalization of Committee Calendar Year End Report 	<ul style="list-style-type: none"> • Nominations • Approve Report
January 9, 2020	Board WOODLAND	<ul style="list-style-type: none"> • Receive CAC Calendar Year End Report • Approve Revised Procurement Guide 	<ul style="list-style-type: none"> • Receive Report • Action
January 23, 2020	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •