Meeting of the Board of Directors of the Valley Clean Energy Alliance (VCEA)
Thursday, September 13, 2018
5:30 P.M.

Woodland City 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.

Board Members: Lucas Frerichs (Chair/City of Davis), Tom Stallard (Vice Chair/City of Woodland), Angel Barajas (City of Woodland), Duane Chamberlain (Yolo County), Don Saylor (Yolo County), 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.

CONSENT AGENDA

4. **Approval of Draft July 12, 2018 Meeting Minutes**

5. **Receive Long Range Calendar**

6. **Receive June 30, 2018 and July 31, 2018 draft unaudited Financial Statements**

7. **Approval of Retirement Plan**

8. **Approval of Contract Extensions LEAN Energy and Donald Dame**

9. **Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) Approval of Resolution authorizing Application to the Director of Industrial relations for a Certificate of Consent to Self-Insure Workers Compensation Liabilities**

10. **Receive Regulatory Update**

11. **Receive Customer Enrollment Update**

12. **Approve "Standard Green" as the name for VCEA's standard electricity offering**

13. **Receive CAC Meeting Update and Recommendations**

REGULAR AGENDA

14. **Status Report on Pending Regulatory Actions (Informational)**

15. **Net Energy Metering (NEM) Policy Amendment (Action)**

16. **Joint Powers Agency Application Policy (Informational)**

17. **Update on Long Term Renewables Procurement Solicitation (Informational)**

18. **Board Member and Staff Announcements**
    Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members at 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 next VCEA Board meeting: Thursday, October 11, 2018 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Boulevard, Davis, CA 95616.

19. **Adjournment (Approximately 7:00pm)**
    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 4

TO: Valley Clean Energy Alliance Board of Directors

FROM: Alisa Lembke, VCEA Board Clerk/Administrative Analyst

SUBJECT: Approval of Minutes from July 12, 2018 Board Meeting

DATE: September 13, 2018

RECOMMENDATION
Receive, review and approve the attached draft Minutes from the July 12, 2018 Board meeting.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
July 12, 2018

The Board of Directors of the Valley Clean Energy Alliance duly noticed their meeting scheduled for Thursday, July 12, 2018 at 5:30 p.m. at the Woodland City Council Chambers, located at 300 First Street, Woodland, CA 95695. Chairperson Lucas Frerichs established that there was a quorum present and began the meeting at 5:34 p.m. He welcomed the newest VCEA Board Member Dan Carson to his first meeting.

Board Members Present:	Lucas Frerichs, Tom Stallard, Angel Barajas, Skip Davies, Dan Carson, Duane Chamberlain (*arrived at 5:58 p.m.), Don Saylor (**departed at 6:32 p.m.)
Board Members Absent:	See above regarding Director Chamberlain.

Approval of Agenda	Motion made by Director Barajas, seconded by Director Saylor to approve the Agenda. Motion passed unanimously with Director Chamberlain absent.
Public Comment	Chairperson Frerichs opened the floor for public comment. Christine Shewmaker, Community Advisory Committee (CAC) Member, commented that VCEA launched on June 1st, filming the Board meetings is recommended for transparency purposes and to allow citizen input. The VCEA Board is making decisions and it is important for others to see and hear what the discussions were about. Gerry Braun, CAC Chair, stated that VCEA has turned the corner and the CAC will be coming back to the Board to recap and review their "charge". The CAC Legislative / Regulatory (Leg. /Reg.) and Outreach Task Groups have been engaging Staff to help. Yvonne Hunter, Chair of Leg. /Reg. and Mark Aulman, Chair of Outreach and the members of each Task Group having been doing a great job.
Approval of Consent Agenda	It was noted that minor corrections to the June 6, 2018 meeting Minutes have been identified by Director Stallard and those corrections have been made by the VCEA Board Clerk. Chairperson Frerichs also noted that the Customer Enrollment update would be reviewed during Board Member and Staff Announcements portion of the Agenda. Motion made by Director Stallard to approve the Consent Agenda with minor corrections made to the June 6, 2018 meeting Minutes, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Approval of Minutes from June 6, 2018 Meeting	Motion made by Director Stallard to approve the June 6, 2018 meeting Minutes with minor corrections made, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Long Range Calendar	Motion made by Director Stallard to approve the Long Range Calendar dated July 6, 2018, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.

Approval of VCEA Budget Policy / Resolution 2018-019	Motion made by Director Stallard to adopt the Resolution titled "Resolution of the Board of Directors of the Valley Clean Energy Alliance Adopting the Budget Policy", seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Approval of Financial Auditor Contract with James Marta and Company for Auditing Services / Resolution 2018-020	Motion made by Director Stallard to adopt the Resolution titled "Resolution of the Board of Directors of the Valley Clean Energy Alliance Approving Selection of James Marta & Company, LLC to Provide Audit Services and Authorizing the Engagement Letter and Letter Agreement between James Marta & Company, LLC and VCEA", seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Regulatory and Legislative Update	Motion made by Director Stallard to receive the regulatory monitoring report from Keyes & Fox, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Customer Enrollment Update	Motion made by Director Stallard to receive the Customer Enrollment update reviewed later in the Agenda during Board Member and Staff Announcements portion of the Agenda, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Community Advisory Committee Meeting Update	Motion made by Director Stallard to receive the transmittal report of the Community Advisory Committee's July 2, 2018 meeting, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Receive May 31, 2018 Financial Statements	Motion made by Director Stallard to accept the financial statements (unaudited) for the period of January 1, 2017 (inception) to May 31, 2018, seconded by Director Saylor. Motion passed unanimously with Director Chamberlain absent.
Net Energy Metering (NEM) Policy – Approval of postponement of NEM Customer enrollment until 2019 and receive information on preliminary amendment concepts to the current NEM Policy	*Director Duane Chamberlain arrived at 5:58 p.m. Mr. Sears gave a brief introduction regarding the Net Energy Metering (NEM) Policy and turned over the presentation to VCEA Staff Member Jim Parks. Mr. Parks reviewed the current NEM Policy, the Community Choice Aggregation (CCA) NEM Policy Comparison chart, NEM Feedback and Options, PG&E NEM True-up dates by Month, Current NEM Policy Example, then a PG&E Example. Mr. Parks has been working with the CAC Outreach Task Group to review recommendations, Policy amendment concepts, financial impacts and issues for the Board's consideration. Proposed next steps are to have two NEM workshops: Monday, July 23rd in Davis and Wednesday, August 1st in Woodland. Thereafter, finalize the concepts for the CAC to review and make a recommendation to the VCEA Board at the Board's September 2018

meeting. There is a letter prepared to be sent out along with an update to the VCEA website regarding the postponement, should the Board agree to postpone enrollment until 2019 and revisit the current Policy.

Chairperson Frerichs opened the floor for discussion. Board Members discussed the impacts on the budget, loss of customers and retention, risks of postponing enrollment of NEM Customers, how many NEM Customers will be affected and their reactions to the change of policy if it is determined necessary, transition issues, true up dates, and noticing requirements.

Mr. Sears stated that four (4) notices will be sent out to Customers about VCEA's launch/change with the 60 day "window" rolling throughout the year. Mr. Parks stated that two (2) additional notices will be sent to NEM Customers informing them of the enrollment delay (1st notice) then a second notice will be sent to them informing them about the policy.

Motion made by Director Barajas to:

1. postpone enrollment of NEM customers until early 2019 while NEM policy amendments are drafted and finalized and associated billing system modifications are completed and
2. review and provide feedback on preliminary concept amendments to the existing Net Energy Metering (NEM) policy for consideration at a future meeting.

Motion seconded by Director Saylor. Chairperson Frerichs opened the floor for discussion on the motion. Comments were made about it being a difficult issue, the belief that VCEA can handle the cash flow, the importance of communicating to the NEM Customers of what is going on with the Policy and getting Customer feedback. Motion passed unanimously by the following vote:

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

Integrated Resource Plan (IRP) – Approve IRP for submittal to the CPUC / Resolution 2018-021

Mr. Sears reviewed the background and process of the IRP. Senate Bill 350 requires all CCAs to produce an IRP requiring portfolio planning, an action plan and updated every two (2) years. Mr. Sears turned over the discussion to VCEA Staff Olof Bystrom.

Mr. Bystrom reviewed what is new in the draft IRP and pointed out that a number of scenarios were reduced with a more plausible Local portfolio based on Board and Community Advisory Committee (CAC) feedback. In addition, the Action Plan was updated with the prioritization based on CAC input.

Mr. Bystrom reviewed the resource portfolios: Base, Local and Cleaner Base. Director Chamberlain asked what are our sources of power today? Mr. Bystrom stated, wind out of the Northwest, Hydro – unspecified out of State, Indian Valley. Director Chamberlain asked if there were more details on the sources as he remined those present that the fires north took out the lines at Indian Valley hydro, so we are not getting generation from them for a while. Director Chamberlain asked how much power is coming from Indian Valley if it was in operation? Mr. Bystrom stated the load was about 80 megawatts. Mr. Bystrom continued with his review of the estimated generation costs by portfolio.

Mr. Bystrom then reviewed the key elements in the Action Plan. Director Carson stated that PG&E services cooler coastal areas and we use more electricity in the valley. He asked that if we get better data, does Mr. Bystrom think the demand will look different? Mr. Bystrom stated that we need to use the data we have currently, until VCEA has their own historical data.

Director Chamberlain asked if the IRP can be modified when factors change? Mr. Bystrom said yes, it can be updated every 2 years and reminded the Board that the IRP is not a confining/binding document.

Chairperson Frerichs opened the floor to the public.

CAC Chairperson Gerry Braun compliment the staff on a job well done in preparing the IRP. He stated that he has confidence in the cost scenarios of Cleaner Base, but not so much in Local because no experience in that arena right now. He stated that there is more work to be done moving forward with the Action Plan; gaining confidence in costs; and, understanding the benefits of Local.

Ms. Kelsey Porton asked about ramp up costs and potentially costs during evening demand may not be feasible. Mr. Bystrom responded that the IRP calls for storage feasibility and renewables. The procurement of electricity is made to match the demand.

Director Stallard made a motion to adopt a resolution establishing the following:

- approving the Integrated Resource Plan (IRP) in substantially the form as presented, which includes the "Cleaner Base" portfolio as the Preferred Portfolio and the Action Plan identified therein, for submission to the California Public Utilities Commission (CPUC); and,
- authorizing staff to make any non-substantial changes necessary to finalize the IRP document for filing.

Director Saylor seconded the motion. Motion passed unanimously by the following vote:

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

** Director Saylor departed the meeting at 6:32 p.m.

Senate Bill 100 and Assembly Bill 813

Mr. Sears reviewed VCEA Staff report with those present regarding Senate Bill 100 (SB 100) and Assembly Bill 813 (AB 813).

Chairperson Frerichs opened the floor for questions. Director Carson asked if a decision needs to be made by the end of August? Chairperson Frerichs answered yes. Director Carson asked if the version would then be adjusted? Chairperson Frerichs said yes, CalCCA would adjust their position and VCEA would too.

Public Comment: Yvonne Hunter Chair of the CAC Leg/Reg Task Group studied and discussed amongst the Task Group AB 813 and the role of VCEA. Although they are sensitive to VCEA being a part of CalCCA, the Task Group was not convinced that they wanted to support or not, so they took a "No Position".

Lynn Nittler (Fossil Free SB100 and Davis resident), thinks that supporting SB 100 supports the State and VCEA's vision statement.

Adelita Serena (Mother out Front organization and resident) supports the SB 100 campaign and urges VCEA to support SB 100.

Director Barajas made a motion to support CalCCA's position on AB 813 of support as amended and support CalCCA's position on SB 100 of support, seconded by Director Carson.

A substitute motion was made by Director Stallard to support SB 100 consistent with CalCCA's position and take a "No Position" on AB 813 as recommended by the Community Advisory Committee.

Director Carson suggested that two (2) separate motions be made. Director Stallard withdrew his substitute motion.

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Director Carson made a motion to support CalCCA's position of support on SB 100, Director Barajas seconded the motion. Motion passed unanimously by the following vote:

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

Director Stallard made a motion to take a "No Position" on Ab 813, seconded by Chairperson Frerichs. After a brief discussion amongst the Board Members, Director Stallard withdrew his motion and asked that taking a position on AB 813 being tabled. This item was tabled to the August Board meeting and Staff was requested to provide an update on this bill at the next meeting.

Board Member and Staff Announcements	Mr. Sears reminded those present that the CalCCA annual conference is scheduled for early September and encourages Board Members to attend. The information will be forwarded to Director Carson.

Mr. Sears announced that public outreach is ongoing with VCEA having a booth at the Woodland and Davis Farmers markets.

Mr. Sears announced that there is a potential for JPAs among CCAs to pursue joint procurement of energy. He asked the Board Members to think about where does VCEA go next to get others to join, such as the Cities of Sacramento and Winters, with a target date of January 2020 for others to join. He would also like to reach out to Solana County. Staff will come back to the Board with a conceptional plan for their discussion.

He informed those present that he has been invited to attend the Butte County Board of Supervisors meeting scheduled for July 24, 2018 to provide information on VCEA and CCAs.

There are a few items being addressed in Regulatory court that pertain to rates and PG&E. Mr. Sears will have more information later and will come back to the Board with an update. He informed those present that there has been a request for the VCEA Board meetings to be recorded. Staff are looking at what other CCAs and JPA's are doing but noted that most local JPAs do not record their meetings.

Director Chamberlain asked if PG&E are lowering their rates – generation, transmission and/or transmission? Per Mr. Sears suggested that they may be thinking about lowering their generation rates.

Chairperson Frerichs asked that VCEA Staff come back to the Board with information on recording and/or audio taping the meetings, what other CCAs are doing and the costs associated with either or both.

Announcements The next VCEA Board meeting has been scheduled for Thursday, August 9, 2018 at 5:30 p.m. at the Davis Community Chambers, 23 Russell Blvd., Davis, CA 95616.

Meeting was adjourned at 7:02 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst

VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting

Staff Report - Item 5

TO: VCEA Board

FROM: Mitch Sears, Interim General Manager

SUBJECT: Long Range Calendar

DATE: September 13, 2018

Recommendation

Please find attached the long range calendars for the remaining 2018 year and 2019.

VALLEY CLEAN ENERGY

2018 Meeting Dates and Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
May 10, 2018	**Board** WOODLAND	• Recontracting Master Agreement	• Approve
June 4, 2018	**Advisory Committee** DAVIS	• Integrated Resource Plan	• Informational
June 1, 2018 -- LAUNCH			
June 6, 2018	**Board** DAVIS	• Integrated Resource Plan	• Discussion
July 2, 2018	**Advisory Committee** WOODLAND	• Integrated Resource Plan	• Recommend
July 12, 2018	**Board** WOODLAND	• Integrated Resource Plan • NEM Enrollment – Postponement	• Approve • Approve
July 30, 2018	**Advisory Committee** DAVIS	• NEM Policy Amendment Update • Long Term Renewables Procurement Policy	• Informational • Recommend
August 9, 2018 **CANCELLED: No Quorum**	**Board** DAVIS	• NEM Policy Amendment Update • Long Term Renewables Procurement Policy	• Informational • Approve
August 29, 2018 (Wednesday)	**Advisory Committee** WOODLAND	• NEM Policy Amendment	• Recommend
Sept 13, 2018	**Board** WOODLAND	• NEM Policy Amendment	• Approve

October 1, 2018	**Advisory Committee** DAVIS		
October 11, 2018	**Board** DAVIS	•	•
October 29, 2018	**Advisory Committee** WOODLAND	•	•
November 8, 2018	**Board** WOODLAND	•	•
December 3, 2018	**Advisory Committee** DAVIS	•	•
December 13, 2018	**Board** DAVIS	•	•

VALLEY CLEAN ENERGY

2019 Meeting Dates and Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
December 31, 2018 HOLIDAY	**Advisory Committee** WOODLAND	• Need to reschedule	•
January 10, 2019	**Board** WOODLAND	•	•
February 4, 2019	**Advisory Committee** DAVIS	•	•
February 14, 2019	**Board** DAVIS	•	•
March 4, 2019	**Advisory Committee** WOODLAND	•	•
March 14, 2019	**Board** WOODLAND	•	•
April 1, 2019	**Advisory Committee** DAVIS	•	•
April 11, 2019	**Board** DAVIS	•	•
April 29, 2019	**Advisory Committee** WOODLAND	•	•
May 9, 2019	**Board** WOODLAND	•	•
June 3, 2019	**Advisory Committee** DAVIS	•	•

June 13, 2019	**Board** DAVIS	•	•
July 1, 2019	**Advisory Committee** WOODLAND	•	•
July 11, 2019	**Board** WOODLAND	•	•
July 29, 2019	**Advisory Committee** DAVIS	•	•
August 8, 2019	**Board** DAVIS	•	•
September 2, 2019 HOLIDAY	**Advisory Committee** WOODLAND	• Need to reschedule	•
September 12, 2019	**Board** WOODLAND	•	•
September 30, 2019	**Advisory Committee** DAVIS	•	•
October 10, 2019	**Board** DAVIS	•	•
November 4, 2019	**Advisory Committee** WOODLAND	•	•
November 14, 2019	**Board** WOODLAND	•	•
December 2, 2019	**Advisory Committee** DAVIS	•	•
January 9, 2020	**Board** DAVIS	•	•

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Financial Update – June 30, 2018 and July 31, 2018

DATE: September 13, 2018

RECOMMENDATIONS:
Accept the Financial Statements (unaudited) for the following periods:

1) For the period of June 1, 2018 to June 30, 2018 (with comparative information from January 1, 2017 (Inception) to May 31, 2018 and Period to Date.)
2) For the period of July 1, 2018 to July 31, 2018 (with comparative information from Prior Periods)

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

<u>For the period June 1, 2018-June 30, 2018</u>
VCEA launched June 1, 2018 and the financial statements reflect the first month of power operations. In the Statement of Net Position, VCEA as of June 30, 2018 has a total of $963,338 in a checking account with River City Bank and $1,100,000 restricted cash for the Debt Service Reserve account related to our Line of Credit with River City Bank. VCEA has incurred obligations from Member agencies and SMUD and owes as of June 30, 2018 $534,639 and $837,294 respectively for a grand total of $1,371,933. The repayments to the member agencies are deferred by the co-operation agreements until after the VCEA is revenue positive. The SMUD repayments are deferred until October 2018.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $2,820,188 of revenue (net of allowance for doubtful accounts) of which $5,671 was billed in June and $2,814,517 represent estimated unbilled revenue. The cost of the electricity for the June revenue totaled $2,237,352. For June, VCEA's gross margin is approximately 20.6% and operating income totaled $204,655.

For the period July 1, 2018-July 31, 2018

The financial statements for July 2018 represent the first full month of power operations. In the Statement of Net Position, VCEA as of July 31, 2018 has a total of $1,246,062 in its checking and lockbox accounts, $1,100,000 restricted cash for the Debt Service Reserve account and $36,293 restricted cash for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of July 31, 2018 $574,654 and $1,082,390 respectively for a grand total of $1,657,044. The outstanding line of credit balance with River City Bank at July 31, 2018 totaled $3,600,885. At July 31, 2018, VCE's net position is $(368,818).

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $6,970,683 of revenue (net of allowance for doubtful accounts) of which $6,427,113 was billed in July and $543,570 represent estimated unbilled revenue (net June and July). The cost of the electricity for the July revenue totaled $5,538,730. For July, VCEA's gross margin is approximately 20.5% and operating income totaled $1,065,468.

In the Statement of Cash Flows, VCEA cash flows from operations was $(1,677,897) due to negligible cash receipts from June revenue and the payment of June purchased electricity. The June purchased electricity was paid with the $2,000,885 draw on the RCB line of credit.

Attachments:

1) Financial Statements (Unaudited) June 1, 2018 to June 30, 2018 (with comparative information from January 1, 2017 (Inception) to May 31, 2018 and Period to Date.)
2) Financial Statements (Unaudited) July 1, 2018 to July 31, 2018 (with comparative information from Prior Periods.)

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JUNE 1, 2018 TO JUNE 30, 2018

(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)

PREPARED ON AUGUST 14, 2018

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

	JUNE 30, 2018	MAY 31, 2018
ASSETS		
Current assets:		
Cash in Yolo County Treasury	$ -	$ 283,102
Cash with fiscal agent	963,388	234,492
Accounts receivable, net of allowance	2,830,161	-
Inventory - Renewable Energy Credits	436,587	-
Other current assets and deposits	2,540	2,540
Total current assets	4,232,676	520,134
Noncurrent assets:		
Restricted cash	1,100,000	-
Other noncurrent assets and deposits	600,000	600,000
Total noncurrent assets	1,700,000	600,000
TOTAL ASSETS	$ 5,932,676	$ 1,120,134
LIABILITIES		
Current liabilities:		
Accounts payable	$ 137,475	$ 153,383
Accrued payroll	1,624	917
Interest payable	61,556	9,313
Due to member agencies	534,639	501,513
Accrued cost of electricity	2,673,939	-
Other accrued liabilities	837,294	531,273
User taxes and energy surcharges	10,002	-
Total current liabilities	4,256,529	1,196,399
Noncurrent liabilities		
Line of credit	1,600,000	-
Loans from member agencies	1,500,000	1,500,000
Total noncurrent liabilities	3,100,000	1,500,000
TOTAL LIABILITIES	$ 7,356,529	$ 2,696,399
NET POSITION		
Net position:		
Restricted	$ -	$ -
Unrestricted	(1,423,853)	(1,576,265)
TOTAL NET POSITION	$ (1,423,853)	$ (1,576,265)

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JUNE 1, 2018 TO JUNE 30, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

	JUNE 1, 2018 - JUNE 30, 2018	JANUARY 1, 2017 - MAY 31, 2018
OPERATING REVENUE		
Electricity sales, net	$ 2,820,188	$ -
Other revenue	-	-
TOTAL OPERATING REVENUES	2,820,188	-
OPERATING EXPENSES		
Cost of electricity	2,237,352	-
Contract services		
Contractors	246,661	1,066,865
Member agencies	33,126	501,513
Staff compensation	8,581	9,341
General and administration	36,304	5,636
Other expenses	53,509	-
Depreciation	-	-
TOTAL OPERATING EXPENSES	2,615,533	1,583,355
TOTAL OPERATING INCOME (LOSS)	204,655	(1,583,355)
NONOPERATING REVENUES (EXPENSES)		
Interest income	-	16,403
Interest and related expenses	(52,243)	(9,313)
TOTAL NONOPERATING REVENUES (EXPENSES)	(52,243)	7,090
CHANGE IN NET POSITION	152,412	(1,576,265)
Net position at beginning of period	(1,576,265)	-
Net position at end of period	$ (1,423,853)	$ (1,576,265)

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JUNE 1, 2018 TO JUNE 30, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

	JUNE 1, 2018 - JUNE 30, 2018	JANUARY 1, 2017 - MAY 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 29	$ -
Payments for security deposits with energy suppliers	-	(600,000)
Payments to purchase electricity	-	-
Payments for contract services, general, and adminstration	(46,361)	(387,845)
Payments for member agency services	-	-
Payments for staff compensation	(7,874)	(8,424)
Other cash payments	-	(2,540)
Net cash provided (used) by operating activities	(54,206)	(998,809)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loans from member agencies	-	1,500,000
Draw of line of credit	1,600,000	-
Transfer to restricted cash	(1,100,000)	-
Net cash provided (used) by non-capital financing activities	500,000	1,500,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	-	16,403
Net cash provided (used) by investing activities	-	16,403
NET CHANGE IN CASH AND CASH EQUIVALENTS	445,794	517,594
Cash and cash equivalents at beginning of period	517,594	-
Cash and cash equivalents at end of period	$ 963,388	$ 517,594

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE PERIOD OF JUNE 1, 2018 TO JUNE 30, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$	204,655	$	(1,583,355)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in net accounts receivable		(2,830,161)		-
(Increase) decrease in inventory - renewable energy credits		(436,587)		-
(Increase) decrease in other assets and deposits		-		(602,540)
Increase (decrease) in accounts payable		(15,908)		153,383
Increase (decrease) in accrued payroll		707		917
Increase (decrease) in due to member agencies		33,126		501,513
Increase (decrease) in accrued cost of electricity		2,673,939		-
Increase (decrease) in other accrued liabilities		306,021		531,273
Increase (decrease) in user taxes and energy surcharges		10,002		-
Net cash provided (used) by operating activities	$	(54,206)	$	(998,809)

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF JULY 1, 2018 TO JULY 31, 2018

(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)

PREPARED ON AUGUST 31, 2018

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
AS OF JULY, 31, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

	JULY 31, 2018	JUNE 30, 2018	MAY 31, 2018
ASSETS			
Current assets:			
Cash in Yolo County Treasury	$ -	$ -	$ 283,102
Cash with fiscal agent	1,246,062	963,388	234,492
Accounts receivable, net of allowance	5,959,837	5,671	-
Accrued revenue	3,430,303	2,824,490	-
Prepaid expenses	16,687	-	-
Inventory - Renewable Energy Credits	1,029,703	436,587	-
Other current assets and deposits	2,540	2,540	2,540
Total current assets	11,685,132	4,232,676	520,134
Noncurrent assets:			
Restricted cash	1,136,293	1,100,000	-
Other noncurrent assets and deposits	600,000	600,000	600,000
Total noncurrent assets	1,736,293	1,700,000	600,000
TOTAL ASSETS	$ 13,421,425	$ 5,932,676	$ 1,120,134
LIABILITIES			
Current liabilities:			
Accounts payable	$ 122,542	$ 137,475	$ 153,383
Accrued payroll	2,332	1,624	917
Interest payable	67,968	61,556	9,313
Due to member agencies	574,654	534,639	501,513
Accrued cost of electricity	6,804,900	2,673,939	-
Other accrued liabilities	1,082,390	837,294	531,273
User taxes and energy surcharges	34,572	10,002	-
Total current liabilities	8,689,358	4,256,529	1,196,399
Noncurrent liabilities			
Line of credit	3,600,885	1,600,000	-
Loans from member agencies	1,500,000	1,500,000	1,500,000
Total noncurrent liabilities	5,100,885	3,100,000	1,500,000
TOTAL LIABILITIES	$ 13,790,243	$ 7,356,529	$ 2,696,399
NET POSITION			
Net position:			
Restricted			
Local Programs Reserve	$ 10,550	$ -	$ -
Unrestricted	(379,368)	(1,423,853)	(1,576,265)
TOTAL NET POSITION	$ (368,818)	$ (1,423,853)	$ (1,576,265)

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF JULY 1, 2018 TO JULY 31, 2018
(WITH COMPARATIVE INFORMATION FROM PRIOR PERIODS)
(UNAUDITED)

	JULY 1, 2018 - JULY 31, 2018	JUNE 1, 2018 - JUNE 30, 2018	JANUARY 1, 2017 - MAY 31, 2018
OPERATING REVENUE			
Electricity sales, net	$ 6,970,683	$ 2,820,188	$ -
Other revenue	-	-	-
TOTAL OPERATING REVENUES	6,970,683	2,820,188	-
OPERATING EXPENSES			
Cost of electricity	5,538,730	2,237,352	-
Contract services:			
Contractors	280,455	246,661	1,066,865
Member agencies	40,015	33,126	501,513
Staff compensation	9,049	8,581	9,341
General, administration, and other	36,966	89,813	5,636
Depreciation	-	-	-
TOTAL OPERATING EXPENSES	5,905,215	2,615,533	1,583,355
TOTAL OPERATING INCOME (LOSS)	1,065,468	204,655	(1,583,355)
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	-	16,403
Interest and related expenses	(10,433)	(52,243)	(9,313)
TOTAL NONOPERATING REVENUES (EXPENSES)	(10,433)	(52,243)	7,090
CHANGE IN NET POSITION	1,055,035	152,412	(1,576,265)
Net position at beginning of period	(1,423,853)	(1,576,265)	-
Net position at end of period	$ (368,818)	$ (1,423,853)	$ (1,576,265)

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1, 2018 TO JULY 31, 2018
(WITH COMPARATIVE INFORMATION FOR PRIOR PERIODS)
(UNAUDITED)

	JULY 1, 2018 TO JULY 31, 2018	JUNE 1, 2018 - JUNE 30, 2018	JANUARY 1, 2017 - MAY 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from electricity sales	$ 435,274	$ 29	$ -
Payments for security deposits with energy suppliers	-	-	(600,000)
Payments to purchase electricity	(2,000,885)	-	-
Payments for contract services, general, and adminstration	(103,945)	(46,361)	(387,845)
Payments for member agency services	-	-	-
Payments for staff compensation	(8,341)	(7,874)	(8,424)
Other cash payments	-	-	(2,540)
Net cash provided (used) by operating activities	(1,677,897)	(54,206)	(998,809)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Loans from member agencies	-	-	1,500,000
Draw of line of credit	2,000,885	1,600,000	-
Transfer to restricted cash	(36,293)	(1,100,000)	-
Interest and related expenses	(4,021)	-	-
Net cash provided (used) by non-capital financing activities	1,960,571	500,000	1,500,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	-	-	16,403
Net cash provided (used) by investing activities	-	-	16,403
NET CHANGE IN CASH AND CASH EQUIVALENTS	282,674	445,794	517,594
Cash and cash equivalents at beginning of period	963,388	517,594	-
Cash and cash equivalents at end of period	$ 1,246,062	$ 963,388	$ 517,594

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF JULY 1, 2018 TO JULY 31, 2018
(WITH COMPARATIVE INFORMATION FOR PRIOR PERIODS)
(UNAUDITED)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 1,065,468	$ 204,655	$ (1,583,355)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in net accounts receivable	(5,954,166)	(5,671)	-
(Increase) decrease in accrued revenue	(605,813)	(2,824,490)	-
(Increase) decrease in prepaid expenses	(16,687)	-	-
(Increase) decrease in inventory - renewable energy credits	(593,116)	(436,587)	-
(Increase) decrease in other assets and deposits	-	-	(602,540)
Increase (decrease) in accounts payable	(14,933)	(15,908)	153,383
Increase (decrease) in accrued payroll	708	707	917
Increase (decrease) in due to member agencies	40,015	33,126	501,513
Increase (decrease) in accrued cost of electricity	4,130,961	2,673,939	-
Increase (decrease) in other accrued liabilities	245,096	306,021	531,273
Increase (decrease) in user taxes and energy surcharges	24,570	10,002	-
Net cash provided (used) by operating activities	$ (1,677,897)	$ (54,206)	$ (998,809)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA

SUBJECT: Contract Extensions

DATE: September 13, 2018

RECOMMENDATION:
Authorize the Interim General Manger to extend the following VCEA's existing contracts to December 31, 2018:

1. LEAN Energy
2. Donald Dame, Consultant

BACKGROUND & DISCUSSION:
The contracts with LEAN Energy and Consultant Donald Dame were to terminate on or around VCEA's launch date, which was in June 2018. LEAN Energy continues to provide Staff with CCA support services post-launch and in cultivating new opportunities to grow VCEA as a Joint Powers Agency. Approximately $11,800 remains on LEAN Energy's contract as of June 30, 2018.

Donald Dame continues to provide professional consulting services, technical review, electric utility expertise, and program implementation assistance among other related skills. Approximately $6,400 remains on the contract as of June 30, 2018.

CONCLUSION:
Staff continues to use these consultant services with monies available within the contract terms and recommends to the Board that the two contract terms expire on December 31, 2018.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 9

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: YCPARMIA Membership

DATE: September 13, 2018

Recommendation

Approve resolution authorizing VCEA and CEO/Risk Manager of Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) to make application to the Director of Industrial Relations for a Certificate of Consent to Self-Insure workers' compensation liabilities and authorize representatives to execute the necessary documents.

Background

On December 12, 2017 VCEA Board adopted Resolution #2017-008 approving associate membership in YCPARMIA, which provides VCEA workers compensation and liability insurance coverage.

YCPARMIA has requested that the attached Resolution be adopted by the VCEA Board. The resolution authorizes VCEA and YCPARMIA CEO/Risk Manager to submit an Application (see attached) for Certificate of Consent to Self-Insure as a Public Agency Employer to the State of California Department of Industrial Relations.

Staff is recommending the Board approve authorization of VCEA and YCPARMIA's CEO/Risk Manager to submit and execute the necessary paperwork and application to the Department of Industrial Relations.

Attachment

1. Resolution including Application

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018 - ___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA, FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS' COMPENSATION LIABILITIES

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, VCEA on December 12, 2017 adopted Resolution #2017-008 approving associate membership in the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) and adopting YCPARMIA's Joint Powers Agreement effective January 1, 2018 and in each year following.

NOW, THEREFORE, BE IT RESEOLVED, that VCEA and the CEO/Risk Manager of YCPARMIA is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities and representatives of Agency are authorized to execute any and all documents required for such application.

ADOPTED, this ____ day of ____________ 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Lucas Frerichs, VCEA Board Chair

____
Alisa M. Lembke, VCEA Board Secretary

Attachment: Application for Certificate of Consent to Self-Insure

State of California
Department of Industrial Relations
OFFICE OF SELF-INSURANCE PLANS

APPLICATION FOR CERTIFICATE OF CONSENT TO SELF-INSURE AS A PUBLIC AGENCY EMPLOYER SELF-INSURER

All questions must be answered. If not applicable, enter "N/A".

To the Director of the Department of Industrial Relations: The public agency employer identified below submits the following information to obtain a Certificate of Consent to Self-Insure the payment of workers' compensation under California Labor Code Section 3700.

LEGAL NAME OF APPLICANT (Show exactly as on Charter or other official documents):
VALLEY CLEAN ENERGY ALLIANCE

Address: 604 2nd Street

City: Davis State: CA Zip + 4: 95616 - ______

Federal Tax ID # of Group: 82-3782814

CONTACT - Who Should Correspondence Regarding This Applicant Be Addressed To:

Name: Lisa Limcaco Title: Dir of Finance

Company Name: Valley Clean Energy Alliance

Address: 604 2nd Street

City: Davis State: CA Zip + 4: 95616 - ______

Phone: 530-446-2752 E-Mail: lisa.limcaco@valleycleanenergy.org

TYPE OF PUBLIC ENTITY (Check one):

☐ City and/or County ☐ School District ☐ Police and/or Fire District ☐ Hospital District

☑ Joint Powers Authority ☐ Other (describe): ______

TYPE OF APPLICATION (Check one):

☑ New Application ☐ Reapplication (Merger/Unification) ☐ Reapplication (Name Change)

☐ Other (describe): ______

Date Self-Insurance Program will begin: 07/01/2017

Not Applicable - first employee hired 4/25/2018

CURRENT WORKERS' COMPENSATION PROGRAM

☐ Currently Insured with State Fund Policy # __________ Expiration Date: __________

☐ Currently Self Insured, Certificate # __________

☐ Other (describe): __________

CLAIMS ADMINISTRATION

Who will be administering your agency's workers' compensation claims? (Check one)

☐ JPA will administer

☑ Third Party Administrator, TPA Certificate # 152

☐ Public entity will self-administer ☐ Insurance Carrier will administer

Name of Third Party Administrator:

Name: Judy Adlam Title: President

Company Name: LWP Claims Solutions

Address: 2081 Arena Blvd. #200

City: Sacramento State: CA Zip + 4: 95834 - __________

Phone: (415) 384-0370 E-Mail: J_adlam@lwpclaims.com

# of claims reporting locations to be used to handle Agency's claims: 1

Does applicant currently have a California Certificate of Consent to Self-Insure? ☐ Yes ☐ No

If yes, what is the current Certificate Number: __________

Total Number of Affiliate's California employees to be covered by Group: __________

AGENCY EMPLOYER

Current # of Agency Employees: 2 # of Public Safety Employees (police//fire): __________

If school District, # of certificated employees: __________

Will all Agency employees be covered by this self-insurance plan? ☑ Yes ☐ No

If 'No', explain who is not covered and how workers' compensation coverage will be provided to the excluded employees:

JOINT POWERS AUTHORITY

Will applicant be a member of a JPA for workers' compensation ?

☑ Yes ☐ No (If 'yes', complete the following)

Effective date of JPA Membership: 07/01/2017 JPA Certificate # 5007

Name of JPA: Yolo County Public Agency Risk Management Insurance Authority

AGENCY SAFETY PROGRAM

Does the Agency have a written Injury and Illness Prevention Program (IIPP)? ☐ Yes ☑ No

Individual responsible for Agency workplace safety and IIPP program:

Name: ______ Title: ______

Company Name: ______

Address: ______

City: ______ State: ______ Zip + 4: ______ - ______

Phone: ______ E-Mail: ______

SUPPLEMENTAL COVERAGE

1.) Will your program be supplemented by any insurance or pooled coverage under a **STANDARD** workers' compensation insurance policy? ☑ Yes ☐ No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: CSAC-EIA

Policy #: EIA-PE 18 EWC-71 Effective Date of Coverage: 07/01/2018

2.) Will your program be supplemented by any insurance or pooled coverage under a **SPECIFIC EXCESS** workers' compensation insurance policy? ☐ Yes ☐ No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: ______

Policy #: ______ Effective Date of Coverage: ______

Retention Limits: ______

3.) Will your program be supplemented by any insurance or pooled coverage under an **AGGREGATE EXCESS** (stop loss) specific excess workers' compensation insurance policy? ☐ Yes ☐ No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: ______

Policy #: ______ Effective Date of Coverage: ______

Retention Limits: ______

RESOLUTION FROM GOVERNING BOARD

Attach a properly executed Governing Board Resolution. See attached sample resolution on page 5.

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self-Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

*X*______________________________ DATE: ________________________
SIGNED: Authorized Official / Representative

____
Printed Name

____
Title

____
Agency Name

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report

Date: September 13, 2018

RECOMMENDATION: Receive regulatory monitoring report.

Regulatory Priorities

The Keyes and Fox Board report includes several priority issues including:

- **The PCIA Track 2 Proposed Decision and Alternate Proposed Decision were issued.** The Alternate Proposed Decision would result in a higher Power Charge Indifference Adjustment (PCIA) charge on VCE's customers than the Proposed Decision. (The utilities will calculate the actual rate impacts for bundled and departing load customers by vintage and rate schedule, and provide this information later today, August 31.) The Proposed Decision and Alternate Proposed Decision will be considered, at the earliest, at the CPUC's September 13, 2018 Business Meeting.

- **PG&E issued three Advice Letters (ALs) implementing CPUC's Decision on CCA Reentry Fees.** Of note, one of the ALs specified VCE's financial security requirement, and requested CCAs submit a compliance Tier 1 AL to the Energy Division within 30 days of approval.

- **The CPUC issued a Decision in PG&E's Phase II General Rate Case.** The Decision results in significant changes to PG&E's distribution rates applicable to both its bundled and CCA customers, including changing the "on-peak" period to 4pm - 9pm for non-residential customers, creating a super off-peak period in the spring, and reducing the summer season to the June - September period, among other important changes. The Decision also directs PG&E to make substantial changes to its rate designs in its next general rate case.

Attachment:
Keyes & Fox August 31, 2018 Regulatory Memorandum

KEYES&FOX LLP

Valley Clean Energy Alliance

Regulatory Monitoring Report

To:	Valley Clean Energy Alliance Board of Directors
From:	Tim Lindl, Partner, Keyes & Fox LLP Ben Inskeep, Energy Analyst, EQ Research, LLC
Subject:	Regulatory Update
Date:	August 31, 2018

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), California Energy Commission (CEC), and California Air Resources Board (CARB).

This month's report includes regulatory updates on the following priority issues:

- Power Charge Indifference Adjustment (PCIA)
- PG&E's 2019 Energy Resource and Recovery Account (ERRA) Forecast
- Resource Adequacy (RA)
- CCA Reentry Fees & Financial Security Requirements
- RPS Rulemaking
- RPS Procurement Plans
- RPS Compliance Reports
- Integrated Resource Plans
- Tree Mortality Nonbypassable Charge (NBC)
- PG&E Rate Design Window (RDW)
- Other Regulatory Developments

PCIA Rulemaking

On August 14, 2018, Commissioner Peterson issued an Alternate Proposed Decision on Track 2 issues. Comments and reply comments, respectively, were due on September 4 and 10. Comments were also filed on the August 1 Proposed Decision. An all-Party meeting was held September 7.

- **Background**: This proceeding has two tracks. Track 1 addresses the PCIA exemption currently in place for CCA customers participating in the California Alternate Rates for Energy (CARE) and Medical Baseline (MB) programs. Track 2 is considering alternatives to the current PCIA methodology.

  In Track 1, PG&E filed a Settlement Agreement on behalf of several parties on March 28, 2018. The Settlement Agreement resolves the availability of the exemption for MB customers taking energy from CCAs in PG&E's service territory, and it will be addressed in a forthcoming decision.

  In Track 2, both a Proposed Decision and Alternate Proposed Decision have been issued.

- **Details**: A Track 1 decision pertaining to PG&E's pending Settlement Agreement has not yet been issued.

  The Track 2 Proposed Decision (PD) rejects the utilities' proposals (*i.e.,* the Green Allocation Methodology and Portfolio Monetization Mechanism (GAM/PMM)) and CalCCA's proposal for higher administrative benchmarks, and leaves the current PCIA in place, maintaining the current brown power index, but adopting revised inputs to the benchmarks used to calculate the PCIA for RPS resources and resource adequacy. It determines that CCAs do not need to pay for either pre-2002 or post-2002 costs of non-renewable utility owned generation (UOG), or for storage-related costs beyond the 10-year limit. It also adopts an annual PCIA true-up mechanism and a "rate collar" (*i.e.,* a floor set at zero and a cap initially set at $0.022/kWh, with the annual change of the PCIA limited to $0.005/kWh for any PCIA charge above $0.015/kWh) intended to limit the change of the PCIA rate from one year to the next.

  The Track 2 Alternate Proposed Decision (APD) differs from the PD in four significant ways. First, it finds that legacy UOG is PCIA-eligible and should be recovered from CCA customers. Second, the APD terminates the 10-year limit on PCIA cost recovery for post-2002 UOG and certain storage costs, meaning these costs would be included in the PCIA going forward. Third, the APD establishes a PCIA collar starting in 2020, with the cap limiting upward or downward changes in the PCIA to 25% in either direction from the prior year. Finally, the APD adopts the Platt's Portfolio Content Category 1 REC index value for the Market Price Benchmark's RPS Adder, but only for the 2019 Energy Resource and Recovery Account Forecast.

- **Analysis**: The Track 2 APD would result in a higher PCIA for VCE's customers than under the Track 2 PD. (The utilities were directed by the judge to provide detailed information on Total Costs and Total Above-Market Costs directly for each resource -- and actual rate impacts for bundled and departing load customers by vintage and rate schedule for the PD and APD -- by August 31.) The revised PCIA methodology will be used to calculate the PCIA that takes effect on January 1, 2019. In addition, the PD and APD create new reporting requirements for LSEs, including CCAs, requiring them to submit specific resource contract information on January 31 each year, beginning in 2019.

- **Next Steps**: The PD and APD may be heard, at the earliest, at the CPUC's September 13, 2018 Business Meeting. The PD and APD would also open a second phase of this proceeding, forming a working group to "consider the development and implementation of a comprehensive solution to the issue of excess resources in utility portfolios." A decision regarding PG&E's pending Settlement Agreement of Track 1 issues is forthcoming.

- **Additional Information**: Track 2 Alternate Proposed Decision (August 14, 2018); Track 2 Proposed Decision (August 1, 2018); D.18-07-009 resolving SCE & SDG&E PCIA exemption issues (July 23, 2018); PG&E Settlement Agreement pending on MB customer PCIA exemption (March 28, 2018); Track 2 Scheduling Memo (May 2, 2018); Docket No. R.17-06-026.

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

On August 16, 2018, the judge issued a Scoping Memo and Ruling in PG&E's 2019 Energy Resource and Recovery Account (ERRA) Forecast application proceeding. The Northern California CCAs (CCA Parties) submitted opening testimony on August 21, and PG&E's rebuttal testimony was filed on September 7.

- **Background**: Utility ERRA proceedings establish the amount of the PCIA and other nonbypassable charges for 2019. More specifically, they determine fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. PG&E is forecasting a 2019 total revenue requirement of $2.893 billion, comprised of $1.597 billion related to its ERRA, plus three nonbypassable charges: the ongoing Competition Transition Charge (CTC), $82.2 million; the PCIA, $1.068 billion; and the Cost Allocation Mechanism, $146.1 million. PG&E also requested approval of its 2019 sales forecast, as well as its 2019 GHG-related forecasts, which includes a net GHG revenue return of $314.2 million. PG&E's application was protested by CCA Parties and the Office of Ratepayer Advocates.

- **Details**: The Scoping Memo and Ruling identified the issues that will be considered in this proceeding, determined an evidentiary hearing is needed, and established a procedural schedule.
- **Analysis**: This proceeding will establish the amount of the PCIA for VCE's 2019 rates and the level of PG&E's generation rates for bundled customers. VCE will not know the final amount of any PCIA increase or generation rate decrease until November, when an update to PG&E's testimony will be provided, although estimates can be made from PG&E's initial testimony, which was filed with the application.
- **Next Steps**: An evidentiary hearing (if required) is scheduled for September 20-21, opening briefs are due October 2, and reply briefs are due October 16. PG&E will update the requested revenue requirements, including NBCs, as well as more current CCA load forecast information, in its November Update, due on the later of November 7 or five business days after the Energy Division sets the Market Price Benchmark.
- **Additional Information**: Scoping Memo and Ruling (August 16, 2018); CCA Parties' Protest (July 5, 2018); PG&E's Application (June 1, 2018); PG&E's Testimony (June 1, 2018); Docket No. A.18-06-001.

Resource Adequacy (RA)

A prehearing conference was held on August 2, 2018, and comments were filed on August 8. The CPUC cancelled a workshop for August 29. The Energy Division also issued its 2017 RA Report and preliminary RA filing materials in early August.

- **Background**: This proceeding has three tracks, and is currently focused on Track 2. Track 1 addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed. Track 2 issues include consideration of the adoption of multi-year local RA requirements, a "Central Buyer" proposal for potential major revisions to RA procurement, refinements to local RA rules, seasonal local capacity requirements, local RA penalty waiver requirements, and increased transparency regarding which resources are essential for local and sub-area reliability. Track 3 issues include 2020 RA requirements, potential revisions to RA counting rules for weather-sensitive and local demand response resources, and other issues that arise.
- **Details**: The August 29 workshop would have focused on a discussion of developing multiyear RA requirements. With the workshop's cancelation, it is unclear what the next steps will be.

  The CPUC released its 2017 RA Report, finding that the RA program successfully provided sufficient resources to meet peak load in 2017. The CPUC has also released 2019 RA compliance materials, including a draft redlined RA compliance guide (updated from the 2018 version), RA deadlines, and RA compliance templates.
- **Analysis**: This proceeding affects VCE's RA compliance obligations for 2019 and 2020, and could potentially result in a new RA procurement framework in California that may impact VCE's ability to procure RA capacity on its own behalf. Changes being considered include requiring LSEs like VCE to procure RA for 3-5 years in advance instead of only for the year ahead, as well as moving to a central buyer model for local capacity requirements, where, under various proposals, PG&E, CAISO or another entity would be responsible for procuring RA capacity on VCE's behalf.
- **Next Steps**: A new procedural schedule for Track 2 is forthcoming. The draft 2019 RA guide provides that the deadline to file final 2019 year-ahead RA filings is October 31, 2018, among other deadlines.
- **Additional Information**: 2017 Resource Adequacy Report (August 3, 2018); D.18-06-030 setting local capacity requirements and resource adequacy program revisions and D.18-06-031 adopting

flexible capacity requirements for 2019 (both on June 22, 2018); Scoping Memo and Ruling (January 1, 2018; modified in part on May 2, 2018); Docket No. R.17-09-020.

CCA Reentry Fees & Financial Security Requirements

In August 2018, PG&E submitted three Advice Letters (ALs) implementing the CPUC's decision on CCA financial security requirements (FSR), including one establishing VCE's FSR.

- **Background**: Reentry fees include utility administrative costs and procurement costs resulting from a mass involuntary return of CCA customers to utility service. The FSR is used to cover those potential costs. The reentry fee for incremental procurement costs is based on six months of incremental procurement. The CPUC's Decision adopted on June 7, 2018 provided that the administrative per-customer reentry fee is $4.24 for PG&E (compared to $1.12 for SDG&E and $0.50 for SCE) and that the minimum FSR is $147,000, which can be satisfied by letters of credit, surety bonds, or cash held by a third party.
- **Details**: AL 5350-E (Tier 2) specifies VCE's and other CCA's FSRs, which are redacted in the Public version. The advice letter requests that, upon approval of AL 5350-E, each CCA post the financial security instrument covering their FSR with PG&E within 30 days. Going forward, PG&E will update the FSR amounts biannually (on May 10 and November 10 each year).

  AL 5359-E (Tier 1) provides a detailed description of the specific services that are covered under the CCA customer reentry fee for utility administrative costs and how those costs were calculated. It states that PG&E intends to identify the administrative fee as a separate item in its 2020 General Rate Case Phase II testimony and include a description of the components of the fee, how it is calculated, and a comparison of its fee with other major California utilities.

  AL 5354-E (Tier 2) proposes revisions to electric Rule 23 Community Choice Aggregator Service to incorporate the reentry fees and FSRs.
- **Analysis**: This rulemaking proceeding is closed. PG&E's ALs are related to implementing various requirements established in the final decision issued in this proceeding.
- **Next Steps**: Protests for each of the three ALs were due between late August and early September. The advice letters request CCAs submit a compliance Tier 1 AL to the Energy Division within 30 days of approval of AL 5350-E, providing notice of compliance with the FSR and requesting return of any interim financial security posted with the CPUC.
- **Additional Information**: AL 5359-E describing reentry fee (August 17, 2018); AL 5354-E revising electric Rule 23 (August 15, 2018); AL 5350-E on financial security requirements (August 6, 2018); D.18-05-022 establishing CCA retry fees and financial security requirements (June 7, 2018); Docket No. R.03-10-003.

Renewables Portfolio Standard (RPS) Rulemaking

On August 13, 2018, Parties filed comments on the preliminary scoping memo. Furthermore, on August 22, the Independent Energy Producers Association requested that that CPUC direct the Energy Division to prepare a report on 2018 RPS Procurement Plans (filed in R.15-02-020).

- **Background**: On July 12, 2018, the CPUC adopted an Order Instituting Rulemaking (OIR) establishing a new proceeding addressing RPS-related issues. The preliminary scoping memo provides that the existing RPS rulemaking (R.15-02-020) is now closed except for the limited purpose of addressing pending petitions for modification. Going forward, this rulemaking proceeding will cover topics relevant to the RPS.
- **Details**: Topics to be covered in this proceeding, as identified in the preliminary scope, include general implementation and administration of the RPS, resolving remaining issues from the predecessor RPS docket (*e.g.*, implementing RPS compliance waiver determinations), and

continued monitoring and improvement of the RPS (*e.g.*, possible RPS compliance obligations beyond 2030, integrating GHG emission reduction goals into the RPS, reviewing confidentiality rules, RPS procurement plan and compliance review, RPS enforcement, and safety issues related to the RPS program and/or climate change).

The Independent Energy Producers Association has requested the Energy Division be directed to prepared a report by November 20 on the LSE's 2018 RPS Procurement Plans submitted on August 20. The report would include a comprehensive review of the 2018 RPS Procurement Plans, using aggregated data as appropriate, and address the extent to which the LSEs individually and collectively are meeting or are preparing to meet their RPS obligations in a timely manner.

- **Analysis**: This proceeding will affect VCE's RPS compliance obligations in 2019 and thereafter. This proceeding will also impact PG&E's RPS compliance obligations and impacts on above-market costs for the PCIA calculation (pending changes to the PCIA in R.17-02-026). However, a final scope and procedural schedule have not yet been established.
- **Next Steps**: A prehearing conference has been set for September 24. A final scoping memo is expected in Q4 2018.
- **Additional Information**: Order Instituting Rulemaking (July 23, 2018); R-18-07-003.

RPS Procurement Plans

On August 17, 2018, the CPUC issued a Proposed Decision closing the docket, with RPS matters to be addressed in the new RPS proceeding, R.18-07-003, going forward. On August 20, LSEs including VCE submitted their 2018 RPS Procurement Plans.

- **Background**: CCAs and other retail sellers are required to submit annual RPS Procurement Plans to the CPUC.
- **Details**: The CPUC has opened a new rulemaking docket (see above) to address RPS issues going forward and is closing this proceeding except for the limited purpose of addressing pending petitions for modification.
- **Analysis**: VCE has now completed this compliance filing for 2018, although it can file a motion to update its plan if needed. In 2019, the filing deadline will be July 20 for VCE's RPS Procurement Plan.
- **Next Steps**: Comments on RPS Procurement Plans and Ruling questions are due September 14, and reply comments on RPS Procurement Plans are due September 28. Motions to update RPS Procurement Plans are due September 28.
- **Additional Information**: VCE 2018 RPS Procurement Plan (August 20, 2018); Proposed Decision closing proceeding (August 17, 2018); Ruling setting requirements and schedule for 2018 RPS Procurement filings (June 21, 2018); D.18-05-026 implementing provisions in SB 350 (2015) related to penalties and compliance waivers (June 6, 2018); Docket No. R.15-02-020.

RPS Compliance Report

On August 31, 2018, LSEs including VCE submitted their 2017 Annual RPS Compliance Reports.

- **Background**: RPS Compliance Reports filed in 2018 are used to demonstrate RPS Compliance for the 2017 calendar year. In an email to EQ Research staff, CPUC Staff clarified that the Energy Division required all LSEs to submit the compliance reports even if they did not serve load in 2017.
- **Details**: VCE's 2017 RPS Compliance Report provided details on its load forecasts and procurement up through August 31, 2018. VCE also submitted information on the executed RPS

contracts procured through August 31. In future RPS Compliance Reports, VCE will also need to submit information demonstrating retirements for RPS compliance purposes for the prior year.

- **Analysis**: VCE has now completed this compliance filing for 2018. In 2019, the filing deadline will be August 1 for VCE's 2018 RPS Compliance Report.
- **Next Steps**: The CPUC will use the LSE's RPS Compliance Reports to create a report to the Legislature each November on the progress of the RPS program.
- **Additional Information**: CPUC Notice of Revised RPS Compliance Report Template (emailed July 17, 2018); Docket No. R.15-02-020.

Integrated Resource Planning (IRP)

On August 18, 2018, PG&E provided its first set of data requests regarding IRPs submitted by eleven CCAs, including VCE, on August 1.

- **Background**: In February 2018, the CPUC established the 2017-2018 IRP filing requirements and statewide reference system plan. In May 2018, the CPUC adopted a methodology to apportion GHG emissions to load-serving entities based on their projected hourly demand. The focus going forward in this proceeding will be: (1) actual LSE IRPs (filed August 1, 2018), (2) consideration of those IRPs and the adoption of a Preferred System Plan (PSR), and (3) groundwork and preparation (*e.g.*, policy issues) for the 2019-2020 IRP cycle.
- **Details**: VCE submitted its IRP on August 1, and a workshop was held on August 7 to discuss the IRP filings of 44 different LSEs in California. Parties filed confidential versions of their IRPs by August 20.
- **Analysis**: Comments on VCE's IRP, if any are submitted, will shed light on the degree to which PG&E and other parties consider VCE's IRP to be in compliance with the CPUC's directives.
- **Next Steps**: Comments on IRPs were due September 12, and reply comments are due September 26.
- **Additional Information**: VCE's 2018 IRP (August 1, 2018); Ruling adopting final load forecasts and GHG reduction benchmarks (June 18, 2018); Ruling adopting GHG accounting method and benchmarks (May 25, 2018); D.18-02-018 adopting IRP reference plan and load-serving entity requirements (February 13, 2018); Docket No. R.16-02-007.

Tree Mortality Nonbypassable Charge (NBC)

Parties filed opening briefs on August 13, 2018, and reply briefs on August 31.

- **Background**: On November 14, 2016, PG&E, SCE, and SDG&E filed an application seeking a "Tree Mortality Non-Bypassable Charge," and proposed cost recovery through the Public Purpose Program Charge. The utilities asserted that SB 859 (2016) required these costs be allocated to all customers, including unbundled customers. The utilities define the costs to be allocated as net costs factoring in all contract costs net of energy, ancillary service, and renewable energy credit values.
- **Details**: The judge also denied an August 13 motion filed by the Office of Ratepayer Advocates (ORA) that had requested that the record be kept open in the proceeding so that parties can provide proposals and further comment on how to allocate tree mortality contracts' resource adequacy benefits that cannot be credited retrospectively. In an Email Ruling, the judge found ORA's motion untimely, as the proceeding remained open until reply briefs were filed on August 31. Parties are now awaiting the issuance of a Proposed Decision.
- **Analysis**: This proceeding could result in additional costs being recovered through the Public Purpose Program Charge on CCA and bundled customers.

- **Next Steps**: A Decision is expected by late Fall 2018.
- **Additional Information**: ORA Motion (August 13, 2018); Scoping Memo and Ruling establishing the scope and procedural schedule (May 30, 2018); Ruling denying CalCCA's Motion to include consolidated cost recovery in the scope of this proceeding (March 14, 2018); Docket No. A.16-11-005.

PG&E Rate Design Window (RDW)

On August 17, 2018, PG&E, SDG&E and SCE filed Supplemental Testimony on Phase IIB topics, which include a number of CCA issues related to the roll-out of residential TOU rates.

- **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.

  The proceeding is now focused on Phase II, which is considering the IOUs' specific rate design proposals for default TOU and other rate options, as well as implementation issues for default TOU. With respect to PG&E, Phase IIA is focused on PG&E's proposal to restructure the CARE discounts into a single line item percentage discount to the customer's total bill, and Phase IIB is addressing its 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 will consider the IOUs' proposals for fixed charges and/or minimum bills. PG&E proposed raising its minimum bill from $10/month to $15/month and implementing a fixed charge beginning at $3.70/month in the first year and rising to $7.40/month in the second year.
- **Details**: The Ruling observes that although the IOUs used the same methodology to calculate GHG reductions, they did not use consistent values or assumptions, and that PG&E and SDG&E specifically did not explain all of the values and assumptions they used in the calculations. Furthermore, it states that the Energy Division might want to propose a variant of the "Itron Methodology" used in the GHG calculations. Accordingly, it directs the IOUs to consult with the Energy Division and parties to discuss the accuracy of the Itron model, and to develop a consistent set of values and assumptions to be used in their calculations of cost estimates and GHG reductions, and to present revised calculations in supplemental testimony.
- **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.
- **Next Steps**: In Phase IIA, a Proposed Decision is expected in November, with a final Decision by December 13, 2018. The Office of Ratepayer Advocates and other Parties will file Testimony on September 26. In addition, the IOUs will file supplemental testimony on September 26 regarding GHG reduction cost estimates. There are no Phase III procedural deadlines scheduled until March 2019.
- **Additional Information**: 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).

Other Regulatory Developments

- **PG&E Phase 2 General Rate Case (GRC).** The CPUC has issued a Decision in PG&E's Phase 2 GRC. The Decision approves settlements among parties that result in significant changes to PG&E's rate design, including (1) creating 4pm – 9pm peak period for most non-residential customers and a 5pm – 8pm peak period for agricultural customers, (2) creating a super off-peak period in the spring, (3) reducing PG&E's summer season from the six-month May – October period to the four-month June – September period, and (4) creating an "Option S" rate for certain energy storage customers, among other changes. The CPUC criticized PG&E for its non-residential TOU customer rate design proposals, finding the substantial increases to PG&E's non-coincident demand charges "promote inefficient use of energy contrary to state policy goals encouraging economically efficient and socially beneficial energy usage." Although the Decision ultimately approves most of the rate designs that parties agreed to in Settlement Agreements, it also requires PG&E to propose specific, different rate designs in their next GRC Phase 2 proceeding that reflect more cost-based rates, based on full Equal Percent of Marginal Cost (EPMC) scaling of all marginal cost components, for its non-residential TOU customers. It must also propose a menu of TOU options for all non-residential TOU customers, and file a transmission cost causation study that examines the appropriate allocation of transmission costs between non-coincident demand charges and system peak demand charges.

- **PG&E Energy Storage Procurement Application.** In August, stakeholders filed comments on on prioritizing technology diversity in utility energy storage procurements under California's energy storage mandate in response to a CPUC issued a Ruling. Topics on which the CPUC had requested addition comments include whether the CPUC's goal of "transforming" the energy storage market can be considered achieved if only one technology (lithium ion batteries, comprising 89% of existing contracts entered into under the mandate) comprises the majority of systems in the IOUs' service territories; potential grid or customer benefits associated with attributes of storage technologies other than lithium ion batteries; and how a non-lithium ion carve-out for the 2018 solicitation could be designed.

- **California Customer Choice.** On August 7, 2018, the CPUC issued its Final California Customer Choice Paper, addressing "the changing electric market in California and resulting new challenges that are confronting the state's energy future and reliability." The paper examines California's current electricity market and analyzes customer choice trends in which fewer and fewer customers are getting power from traditional large regional utilities, so as to address the following overarching problem statement: "How does increased customer choice occurring in the electric sector impact California's ability to achieve its policy objectives of affordability, decarbonization, and reliability?" The associated email notice describes the changes compared to the May 2018 draft as "non-material" in nature.

  The CPUC stated it would conduct a gap analysis and draft an action plan for addressing the issues identified in the paper, with the customer choice project team identifying critical issues requiring resolution, mapping those issues to current CPUC proceedings and determining the appropriate forum(s) where they can be addressed (CPUC or elsewhere), identifying areas requiring further analysis, and developing recommendations. A draft action plan is slated for publication in September, followed by a public workshop in mid-October. Specific dates for future stakeholder engagement have not yet been established.

- **PG&E Distribution-Rate Cost Recovery of TOU Expenses.** PG&E filed a Proposal requesting to recover $20.5 million in 2015-2016 costs plus interest recorded in the Residential Rate Reform Memorandum Account (RRRMA) through its distribution rates. The costs relate to those PG&E spent implementing rate design reforms, including TOU pilots and studies, marketing, education and outreach, IT, data analysis, and other reasonable expenditures required to implement residential TOU rates. On August 10, CCA Parties filed a protest of PG&E's proposal.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager, VCEA

SUBJECT: Customer Enrollment Update (Information)

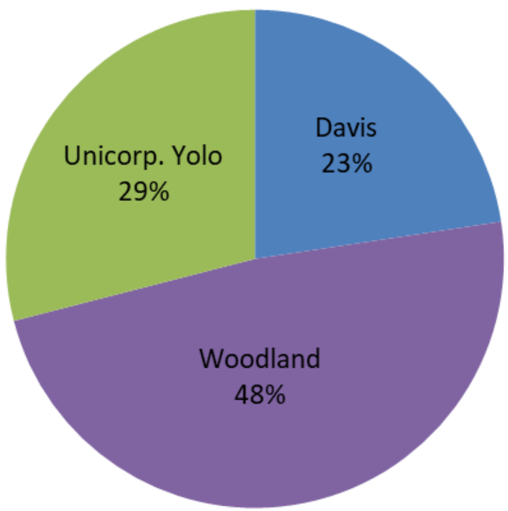
DATE: September 13, 2018

RECOMMENDATION

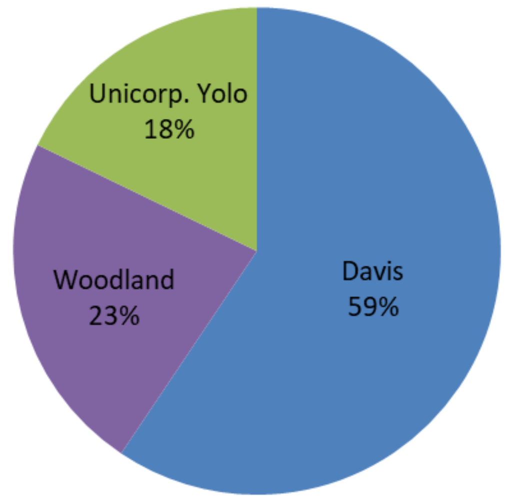
Receive and review the attached Customer Enrollment update provided by SMUD.

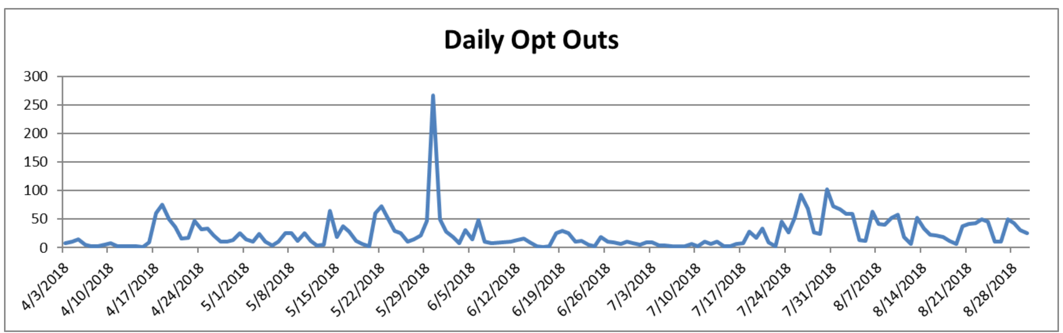
Enrollment Update

3,423 Opt Outs
5.3% of customers



101 Opt Ups





Opt Out Channel	
CSR	35%
IVR	32%
Web	33%

	Eligible	Opt-Out	% Opt Out
Residential	56,500	2,833	5.0%
Non-Residential	8,500	590	6.9%
Total	65,000	3,423	5.3%

VALLEY CLEAN ENERGY

Status Date: 8/31/18

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO:	Valley Clean Energy Alliance Board of Directors
FROM:	Mitch Sears, Interim General Manager
SUBJECT:	Approval of revised base energy product name
DATE:	September 13, 2018

RECOMMENDATION

1. Approve name change of VCE's base energy product to "Standard Green"

BACKGROUND AND ANALYSIS

In late 2017 the Board approved naming VCE's base and 100% renewable energy products. Earlier this year MCE informed VCE that their base product was also named "Light Green" and that they were concerned it might lead to customer confusion. They requested that VCE phase out the name based on their trademark of the term. VCE staff agreed to phase out the Light Green term as a courtesy. For the last several months "Light Green" has not appeared on the VCE web site or on promotional materials – there has been no noticeable impact.

Staff is returning to the Board to confirm this approach and name change since changes to the customer opt-up/opt-out billing system are more involved than simply removing the name from the web site. With Board approval, staff will proceed with using Standard Green for VCE's base energy product.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO:	Valley Clean Energy Alliance Board of Directors
FROM:	Mitch Sears, Interim General Manager
SUBJECT:	Community Advisory Committee Report - July 30, 2018 meeting summary - August 29, 2018 meeting summary
DATE:	September 13, 2018

This report transmits the Community Advisory Committee's (CAC) summaries from its July 30, 2018 and August 29, 2018 meetings.

The July 30, 2018 CAC summary provides a recap of what was discussed and recommended to the Board. This summary would have been provided to the Board at your August 9, 2018 meeting; however, said meeting was cancelled due to a lack of quorum. It is included for your information.

The August 29, 2018 summary includes recommendations, which are provided below.

Staff Recommendations from August 29th meeting:

1. Approve the recommendation on the terms of service and officer position of Members who serve on the Advisory Committee.
2. Approve Staff to move forward with the recording of VCE Board meetings.

Background:

In December 2016, the VCE Board formed the Community Advisory Committee (CAC) and charged the CAC to the following:

- advise the VCE Board of Directors on VCEA's general policy and operational objectives, including portfolio mix and objectives, as well as technical, market, program and policy areas;
- collaborate with VCE staff and consultants with community outreach to and liaison with member communities;
- provide a public forum to inform, advise and consult through community discussions on energy related issues and a wide variety of strategies to reduce carbon emissions; and,
- collaborate with VCE staff with monitoring legislative and regulatory activities related to Community Choice Energy issues.

In order to achieve the goals and mission of VCE, the CAC was asked to develop, periodically review and update a workplan for the short and longer terms. The CAC would also engage, evaluate, and make recommendations on select items to the VCE Board, Staff and consultants, and engage with VCE member jurisdictions and others, as directed by the Board or initiated by the CAC.

The CAC was directed to periodically review this charge and make recommendations for changes to the Board of Directors in order to reflect new issues, opportunities and challenges impacting VCE.

The CAC held their first meeting in August 2017 and have continued to hold monthly meetings providing valuable input, evaluation and recommendations to the VCE Board.

August 29, 2018 Summary: The CAC discussed a number of items, including developing a progress report, second year goals, terms of Members, the CAC "charge" and long-range calendar. Further discussion among the Members will continue at later CAC meetings; thereafter, it is anticipated that further recommendations will be presented to the Board. Included in their discussion, they reviewed the Committee's organizational structure and have made the recommendations set forth below.

Terms of Service on Advisory Committee:

- Officer positions (Chair, Vice Chair and Secretary) are selected once a year.
- Each CAC Member would serve a three-year term, with the option to be reappointed for additional terms.
- Create three "graduation classes" of three CAC members – one from each member jurisdiction to keep consistency of knowledge on the Advisory Committee; therefore, Class 1 would be a two-year term, Class 2 would be a three-year term, and Class 3 would be a four-year term all expiring in June to coincide with VCE's fiscal year end.

CLASS 1 – term expiring June 2019
Davis rep
Woodland rep
Yolo County rep

CLASS 2 – term expiring June 2020
Davis rep
Woodland rep
Yolo County rep

CLASS 3 – term expiring June 2021
Davis rep
Woodland rep
Yolo County rep

Solicitation of New Members/Appointment by Board:

Currently the Board appoints new members to the Advisory Committee based on equal representation from the participating jurisdictions. CAC Members are encouraged to use their networks to identify potential Committee applicants and to forward those suggestions to Board members. The CAC suggested that vacancies be "advertised" through various channels including the VCE website, other social media and word of mouth to identify potential applicants. The CAC asked that VCE Staff review current commission/committee recruitment policies of the member agencies and recommend a formalized process for selection of future Advisory Committee members.

At the August 29, 2018 CAC meeting, Member Tom Flynn announced his resignation from the Advisory Committee, which leaves two vacancies: City of Woodland and Yolo County.

Recording of Board Meetings:

The CAC suggests that the Board meetings be audio recorded and/or videotaped.

Similar to the Woodland-Davis Clean Water Agency (WDCWA) which holds meetings both in Davis and Woodland, VCE Board meetings could be recorded, the file uploaded by City Staff then made available to VCE Staff to post on the VCE website.

At the Woodland Council Chambers, VCE would contract with Woodland TV to video record the meetings using their own equipment. The cost is ***approximately*** $400 for a 2-hour meeting and a ½ hour for set up and break down. The recordings are provided to the City of Woodland Information Technology (IT) Department who converts and uploads the recording to a Google drive, thereafter, VCE Staff would post to the VCE website. Woodland's IT Department has offered to convert and upload free of charge as long as the video is recorded to the City's system.

At the City of Davis, VCE would be charged per hour (approximately $50-75/hour) for set up, clean up and meeting time. Davis televises meeting live, both cable TV and internet, then would upload the file to our website. Davis Staff would also provide a DVD of the meeting for our records.

For reference, Staff looked at other JPAs and programs as to whether or not they videotaped their Board meetings. Of the nineteen (19) reviewed (11 CCAs and 8 JPA's/programs), eight (8) recorded their meetings of which five (5) are CCAs.

Attachment

1. CAC Report

Valley Clean Energy Alliance
Community Advisory Committee Report to the Board
Summary of July 30th CAC Meeting

<u>Background</u>: Following a Chair/Vice-Chair discussion in March 2018 with Mitch Sears, Gerry Braun, Christine Shewmaker, Lucas Frerichs and Tom Stallard, it was suggested that instead of a CAC report at the end of the Board meeting, that a brief written summary be included in the Board agenda materials. Included would be short explanations of votes, particularly when they were not unanimous.

- <u>Long Term Renewables Procurement Solicitation Criteria/Policy Recommendation</u>
  - Reviewed presentation and discussed criteria.
    1. Extensive discussion of prime ag, non-prime ag and Williamson Act land
    2. Discussion of possibility of sites on ag land having combined energy and ag uses
  - Discussed Staff and Task Group recommendations.
  - Received Defenders of Wildlife recommendation to add qualification criterion, i.e. that project permit application must be complete.
  - <u>Motion</u>: to support Staff's recommendation except with respect to energy storage. Change "with a limitation of" to "with a preference for" battery storage systems integrated with a renewable project. <u>Motion passed: 5-0-0.</u>

- <u>Legislative/Regulatory Summary and Recommendations</u>
  - Leg/Reg Task Group summarized six bills and presented recommendations.
  - Discussed Task Group, Staff and CalCCA recommendations.
  - <u>Motion</u>: to accept Task Group's recommendation to recommend to the VCEA Board to: 1) Watch SB 1088 (Dodd) Safety, reliability and resiliency planning, 2) Oppose AB 893 (Garcia) Renewable Portfolio Standard. Geothermal, 3) Oppose unless amended SB 1347 (Stern) Energy storage systems: procurement, 4) Oppose AB 2208 (Aguiar-Curry) Electrical Utilities. Biomass. Geothermal, 5) Watch AB 2726 (Levine) California Global Warming Solutions Act of 2006, 6) Oppose SB 237 (Hertzberg) Direct Access. <u>Motion passed: 5-0-0.</u>
  - As the relevant Appropriations Committees will meet prior to the August 9th Board meeting, the possibility of discussing our positions on SB 237 and AB 893 with the Board subcommittee prior to August 9th was discussed. The outcome of that discussion could be the subcommittee taking action before the Appropriations Committees meet.

- <u>Net Energy Metering (NEM) Policy</u>
  - Updates from Staff on workshops and enrollment policy changes.
  - Discussed other NEM related issues raised by Energy Task Group which will be considered by the Committee in the future: Definitions of Terms, Other CCA policies (Payout to NEM customers, Focus on disadvantaged communities), Integrated local resource development plan, Services to help customers lower consumption/save money.

- <u>CAC Administration and Announcements</u>
  - Will work with Staff to suggest tenure for committee members and procedures for selecting new members in the future. Once CAC agrees upon plan, it would be taken to the Board for approval.
  - CAC launch phase review and second year work plan – CAC Chair/Staff to schedule meeting for CAC to discuss draft summarizing CAC contributions to date and proposed forward work plan, e.g. support of local resource related action steps.

Valley Clean Energy Alliance
Community Advisory Committee Report to the Board
Summary of August 29th CAC Meeting

Background: Following a Chair/Vice-Chair discussion in March 2018 with Mitch Sears, Gerry Braun, Christine Shewmaker, Lucas Frerichs and Tom Stallard, it was suggested that instead of a CAC report at the end of the Board meeting, that a brief written summary be included in the Board agenda materials. Included would be short explanations of votes, particularly when they were not unanimous.

- Amended Net Energy Metering (NEM) Policy
  - Updates from Staff on workshops and policy amendment recommendations.
    - Motion: recommend to the Board that the amended NEM policy be adopted with the following revisions: remove #13, change date on #14 and #15 to June 2018, add statement that if customers stay below $500 for 2 years can ask to return to annual billing.
    - Motion passed: 7-0-0.

- CAC Administration
  - Reviewed outline and process for developing CAC Progress Report and Second Year Workplan
  - Discussed process for revising CAC's charge to reflect possible differences between CAC's launch phase role and its potential future operations phase role.
  - Discussed the need to develop a recruitment process for new CAC members. Staff to review processes for jurisdictions and come back with a proposal.
  - Reviewed costs, benefits and practices of comparable organizations regarding recording of Board meetings. Most committee members indicated support for VCE's Board meetings being recorded, but no formal vote was taken.
  - Reviewed Staff findings on other CCA's practices with respect to terms for subcommittees and advisory committees. Discussed Staff suggestions regarding terms of CAC members and election of officers.
    - Motion: recommend to the Board to adopt the staff recommendation regarding terms for CAC members with two changes: 1) current terms end 2019, 2020 and 2021, and 2) remove Vice Chair moves up to be Chair.
    - Motion passed: 7-0-0.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 15

TO:	VCE Board of Directors
FROM:	Mitch Sears, Interim General Manager Jim Parks, Director of Customer Care and Marketing
SUBJECT:	Net Energy Metering Policy Amendment
DATE:	September 13, 2018

BACKGROUND

VCE staff learned of potential issues with the existing NEM policy and worked with the CAC, VCE Board and the public to develop recommendations to revise the policy and improve benefits to existing NEM customers. As a result, at the July 12 Board meeting, the Board approved postponing NEM enrollment to 2019 and requested staff to hold public workshops to gather public input regarding possible changes to VCE's NEM policy. In response, staff hosted two public workshops—one in Davis and one in Woodland.

UPDATE AND RECOMMENDATION

The NEM recommendations were presented at both workshops, followed by additional staff analysis and revision. The proposed NEM policy was presented to the CAC at their August 29th meeting. The CAC reviewed the proposed NEM policy and unanimously agreed to forward the proposed policy to the VCE Board with a recommendation to approve.

The new policy takes two directions: 1) Existing or legacy NEM customers that will be allowed to retain their existing annual billing cycles and true-up dates and 2) New NEM customers that will be placed on a monthly billing cycle with a February true-up date. Below is a listing of the existing NEM policy and the proposed amended policy.

EXISTING NEM POLICY

1. Initial enrollment of NEM customers shall be on a monthly basis, based on PG&E true-up date;
2. Annual true-up for all NEM customers shall be held annually in April;
3. Cash-out only for NEM customers with $100 or more in credits. NEM customers with less than $100 in credits will have credit balance roll over to the next billing cycle (no loss of credits);

4. Credit NEM customers monthly for excess generation at retail plus $0.005/kWh, without additional compensation for participation in renewable programs;
5. Settle NEM customers annually at the wholesale value of net surplus generation plus a $0.005/kWh adder.

PROPOSED NEM POLICY

1. Residential NEM customers with solar systems installed prior to June 2018 may retain their existing PG&E annual billing cycle unless their annual balance exceeds $500.
2. Residential NEM customers with solar systems installed prior to June 2018 with annual balances exceeding $500 will be transitioned to monthly billing with a February true-up date.
3. Residential customers with solar systems installed prior to June 2018 that have been placed on a monthly billing cycle can request to move back to an annual billing cycle if their annual bill is less than $500 per year for a consecutive two-year period.
4. Non-residential NEM customers with solar systems installed prior to June 2018 may retain their existing PG&E annual billing cycle, unless their annual balance exceeds $5,000.
5. Non-residential NEM customers with annual balances exceeding $5,000 may be transitioned to monthly billing with a February true-up.
6. NEM customers may choose a monthly billing cycle with February true-up in lieu of an annual billing and true-up cycle.
7. NEM customers with solar systems installed prior to June 2018 that are on annual billing cycles will retain their current true-up month.
8. The transition from PG&E to VCE will occur on the customer's true-up date in 2019.
9. NEM customers with less than $100 in credits will have the credit balance roll over to the next billing cycle (with no loss of credits). NEM customers with a credit balance exceeding $100 on their annual true-up date will be cashed-out, unless they choose to roll over the balance or donate the funds.
10. NEM customers that generate excess energy on a monthly basis will receive the retail value plus a $0.01/kWh credit for the excess generation, without additional compensation for participation in renewable programs.
11. Customers on time-of-use (TOU) rate schedules will receive a $0.01/kWh credit for excess generation during any TOU period on a monthly basis.

12. NEM customers that generate excess energy on an annual basis will receive the wholesale value of net surplus generation, plus a \$0.01/kWh adder.
13. NEM customers may opt-out of VCE's NEM program and return to PG&E at their discretion.
14. Residential customers adding solar systems beginning June 1, 2018 will be placed on monthly billing with an annual true-up date in February.
15. Non-residential customers adding solar systems beginning June 1, 2018 may be placed on monthly billing with an annual true-up in February.

Requested Action

- Review and discuss revised NEM policy
- Approve the new NEM policy

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 17

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Review of Key Criteria for Long Term Renewable Solicitation

DATE: September 13, 2018

RECOMMENDATION

Staff will review its recommendations associated with seven (7) of the criteria deemed to be key criteria that are included in the Long Term Renewable Solicitation (Solicitation) issued on August 13. This report summarizes and presents the considerations that were made to establish the criteria recommendations.

BACKGROUND

General

On August 13, staff released a request for offers for VCE to procure renewable energy through long-term[1] power purchase agreements that will be executed in VCE's name.

This Solicitation is identified in the Action Plan included as a requirement in VCE's Integrated Resource Plan filed with the CPUC on August 1, 2018. The number one item in the Action Plan is conducting the Long Term Renewable Procurement. The Action Plan states specifically:

> "VCE will be conducting a long-term solicitation in 2018 in which it will be seeking renewable power from RPS-qualifying renewable energy projects, with an expectation that power purchase agreements will be executed in early 2019. In support of the initial solicitation, VCE will:
>
> - Develop criteria/information requests to evaluate new renewables for projects implementing responsible siting practices (both environmental and land use). Develop associated evaluation criteria.
> - Develop criteria for acceptable and preferred renewable technologies and locations (e.g. local vs. remote).
> - Develop position on procuring out-of-state resources. Develop criteria defining limits on which states VCE will procure long term renewables from.
> - Develop a position on the definition of "local" for renewable resource procurement.

[1] For the purposes of the renewable portfolio standard, "long-term" is defined in California Public Utilities Code Section 399.13 as 10 years or longer.

- Determine whether to include battery or other storage options in solicitation.
- Develop criteria for assessing the portfolio content of local versus non-local for short-list selection.
- Do a literature review on the economic impacts/value of locally sited renewable resources.

This staff report addresses the first 5 of the bulleted sub tasks. The remaining 2 bulleted sub tasks will be accomplished during the evaluation phase of the solicitation, expected to occur later this year.

Other Considerations

Staff developed its recommendations for these specific Solicitation criteria from information gained through various interactions with the Board, the Community Advisory Committee, and other stakeholders attending Board and Advisory committee meetings. Additionally, staff reviewed the specific recommendations with the Community Advisory Committee (CAC) Energy Subcommittee on July 23, 2018, and by the full Community Advisory Committee at its July 30, 2018 monthly meeting.

To put this solicitation in context with VCE's immediate needs, as well as to set expectations for outcomes resulting from this solicitation, here are some facts to keep in mind:

Key Outcome Needed from Solicitation. The primary result needed from this first long-term renewable solicitation is for VCE to begin building its long-term renewable portfolio with low cost renewable resources. VCE currently has no long-term energy supply commitments.

Legal Requirement for Long Term Renewables. VCE needs to have at least 65% of its minimum RPS requirements under long term contract by 2021. 2021 RPS minimum requirements are 34.8% of retail load. Minimum RPS requirements continue to increase each year, so this solicitation should probably target renewables needed to meet the minimum contracting requirements out through 2025, which are at 41.7%. That's 27.11% of retail load, or 206,761 MWh/yr for 2021. So, for a minimum long-term contracted amount, this minimum amount equates to the annual energy output of a 91 MW solar PV plant.

VCE is Likely to Receive Some Attractive, Low-Priced Solar Proposals. Staff expects that some PPA pricing will be more attractive than the cost of purchasing renewables on the short-term market. If this is the case, it may be feasible from the offers received in this solicitation to procure up to VCE's full 42% renewable content. For 2021 this would be a renewable supply of 320,383 MWh, the equivalent energy output of a 141 MW solar PV plant.

Offers for Output from Operating Projects. VCE may receive proposals for projects that are existing and already in commercial operation.

Additional Future Procurements. This initial solicitation will not be VCE's only solicitation for renewable power. Once the base portfolio is procured, VCE can consider future efforts to encourage local renewables development. Various procurement approaches can be used to accomplish this, including a feed-in-tariff, VCE-coordinated efforts to locate developable parcels in each member's community and enlist participating project developers, issuing more targeted solicitations, etc.

Evaluation Methodology. The solicitation requires bidders to submit a lot of information concerning their proposed projects. The solicitation document will not however, provide bidders a defined rating methodology. There will be additional work after the solicitation is issued to build the evaluation methodology with staff.

Criteria for The LT Solicitation

The set of criteria that Staff is reviewing with the Board is a subset of many criteria in the solicitation. The criteria selected for specific review generally are those that set the tone and direction for the types of renewable resources that VCE intends to procure, given its desires for a local emphasis and encouraging sustainable development practices. The balance of the Solicitation criteria have been developed over time to increase the likelihood that selected projects can successfully achieve commercial operation. The criteria staff has selected for review with the Board are:

1. Definition of Local Resources
2. Siting Criteria
3. Development Status Criteria
4. Acceptable Technologies
5. Energy Storage
   Include in Solicitation (or Not)
   Which Technologies
6. Out-of-State Resources
7. Interconnection Status

Staff does not believe that policy decisions are required <u>at this time</u> for the any of the selected criteria. Once VCE has been through a solicitation cycle, staff will return to the Board with policy recommendations on the definition of Local Resources and siting criteria.

ANALYSIS

The paper included as Attachment 2, Long Term Renewable Solicitation Criteria Discussion, presents discussion on each of the criteria, which won't be repeated for this staff report, only highlighted, along with the staff recommendations.

1. Definition of Local Resources

Discussion

If the definition of Local is limited to located within Yolo County, resource opportunities won't be as readily plentiful than if Local were defined as a broader geographical area. Regardless, in the long run to encourage the development of resources within Yolo County additional efforts subsequent to this Solicitation will be required. Those efforts may include Yolo County-only solicitations, direct coordination between land owners and developers, feed-in-tariffs, etc.

Reserving the distinction of "Local" for resources located Yolo County located makes sense, particularly if consideration is given to establishing a "Regional" definition, which encompasses resources nearby, but not located within Yolo County.

Recommendation

Staff recommended defining the following resource criteria for location, which were included in the Solicitation.

> "Local" is defined as any resource located within Yolo County, or nearby Yolo County if having a nexus back to Yolo County (the Indian Valley Hydro Project owned by Yolo County Flood Control and Water Conservation District is an example of a nearby project having a nexus back to Yolo County).
>
> "Regional" is defined as any resource located within the six adjacent counties and including the Geysers Geothermal Resource Area in Sonoma County.

These definitions will be used as evaluation criteria where resources located within Yolo County (Local) will be given a higher location rank than those located in the area defined as Regional. Similarly, resources located in the area defined as Regional, will be given a higher location rank than those located in areas not either Local or Regional.

2. Siting Criteria

Discussion

Defining restrictions on the types of lands associated with energy projects that VCE wants to procure is important so that VCE does not procure power from projects that may be proposed for areas:

a. Having important land uses to protect, such as prime farm lands;

b. That increases the likelihood of there being conflicts with sensitive wildlife species, cultural sensitivities, or other environmental issues.

The Renewable Energy Transmission Initiative ("RETI") was a statewide effort of the CEC, CPUC, utilities, and various stakeholders to identify locations where additional renewable development would be likely to occur, with the specific purpose of identifying the need for new transmission lines to support renewable development in those areas. During the RETI development, two categories of lands were identified where renewable resource development was not be encouraged by the addition of new transmission system extensions into those areas:

RETI Category 1: Lands where development is prohibited by law or policy;

RETI Category 2: Lands which include environmentally sensitive areas where development would be difficult and controversial.

Recommendation

Given the amount of land use in Yolo County classified as agricultural and given the loss of farmlands elsewhere in the state, staff recommended inclusion of a screening criteria in the Solicitation that prevents the consideration of any new renewable projects on farmlands classified as prime.

Additionally, staff recommended including in the Solicitation that projects will not pass initial screening if they are proposed for either: RETI Category 1 (development prohibited) lands; or, RETI Category 2 (potential resource conflicts) lands.

3. Development Status Criteria

Discussion

Projects that are farther into their development cycle are much more likely to achieve commercial operation than projects that are just beginning their development, and will be able to better meet the needed commercial operation date for VCE's portfolio (power needs to be delivered s in 2021).

As such, establishing minimum criteria for development progress will be important.

Recommendation

Staff recommended and included the following criteria in the Solicitation as minimum criteria to pass initial screening.

Project proposers must provide:

- Acknowledgment by the relevant land use authority that a permit application has been received.
- Evidence of site control.

4. Acceptable Technologies

Discussion

There is no reason to limit acceptable technologies for this solicitation, other than to require that any equipment proposed be a mature listed technology, and that the bidder provide documentation supporting the bankability of the equipment.

Recommendation

Staff recommended and included the following acceptable technology criteria in the Solicitation.

> Proposers can submit project proposals for any renewable technology and project equipment that is a mature listed technology. Additionally, the proposer must submit supporting bankability documentation.

5. Energy Storage

Discussion

State law and CPUC rulings require CCAs to procure energy storage in a minimum amount equal to 1% of a CCA's forecast 2020 peak load (VCEs 2020 peak load forecast is 230 MW, making the requirement 2.3 MW). Furthermore, each CCA must have this minimum storage capacity online by 2024.

Therefore, inclusion of storage in this renewable solicitation will be important to facilitate VCE's compliance with the legal requirements. Additionally, the most cost-effective storage installations currently are those installations integrated with renewable power projects. Integrated storages systems are eligible for the 30% investment tax credits available for renewable energy projects. Battery systems are the common storage technology used for integration with renewable energy projects.

Recommendation

Staff recommended and the Solicitation included storage, with a preference for battery storage systems integrated with a renewable project (wind and/or solar).

6. Out-of-State Resources

Discussion

Given that there are ample locations in the state for development of renewable resources, and given that this won't be VCE's only renewable solicitation, there will be opportunity for future consideration of the possible benefits of procuring power from out-of-state projects. There is no reason to seek out-of-state resources for this Solicitation.

Recommendation

Staff recommended and included in the Solicitation that offers be limited only to resources located in-state.

7. Interconnection

Discussion

It will be important, for reasons of achieving timely project commercial operation, to require that any project submitted into the Solicitation to have already been enrolled in a generator interconnection process, and that the bidder has requested that the interconnection support deliverability of the full project capacity (called full capacity deliverability status).

Recommendation

Staff recommended and included in the Solicitation minimum criteria requiring that any submitted project already be in an interconnection queue, and that the project have requested full capacity deliverability status for its interconnection.

COMMUNITY ADVISORY COMMITTEE REVIEW

At its July 30, 2018 meeting, the CAC unanimously approved a motion to accept staff's recommendations as presented with one modification, related to the types of energy storage technologies accepted. This modification was incorporated in the Solicitation and is reflected in the staff recommendation presented herein.

Attachment 1 – Summary Criteria Matrix

Criteria	Recommendation
1. Definition of Local Resources	The following locational definitions were incorporated in the Solicitation for the purpose of evaluating proposed project on the basis of location: “Local” is defined as any resource located within Yolo County, or nearby Yolo County if having a nexus back to Yolo County (the Indian Valley Hydro Project owned by Yolo County Flood Control and Water Conservation District is an example of a nearby project having a nexus back to Yolo County). “Regional” is defined as any resource located within the six adjacent counties and including the Geysers Geothermal Resource Area in Sonoma County.
2. Siting Criteria	Inclusion in the Solicitation if a screening criteria that prevents the consideration of any of new renewable projects located on farmlands classified as prime. Inclusion in the Solicitation of additional siting criteria that will exclude projects proposed for development on either: RETI Category 1 (development prohibited) lands; or, RETI Category 2 (potential resource conflicts) lands.
3. Development Status Criteria	Inclusion of the following in the Solicitation as minimum criteria to pass initial screening. Project proposers must provide: Acknowledgment by the relevant land use authority that a permit application has been received. Evidence of site control.

Criteria	Recommendation
4. Acceptable Technologies	The following acceptable technology criteria be placed in the solicitation document. Proposers can submit project proposals for any renewable technology and project equipment that is a mature listed technology. Additionally, the proposer must submit supporting bankability documentation.
5. Energy Storage	The Solicitation includes storage, with a preference for battery storage systems integrated with a renewable project (wind and/or solar).
6. Out-of-State Resources	The Solicitation be limited only to proposals from resources located in-state.
7. Interconnection	Inclusion of a minimum Solicitation criteria requiring that any submitted project already be in an interconnection queue, and that the project has requested full capacity deliverability status for its interconnection.

Attachment 2 - Long Term Solicitation Criteria Discussion

Long Term Renewable Solicitation Criteria Discussion

Definition of Local Resources

It will be necessary to define what "Local" means for resource procurement. If Local resources will be favored, resource providers/developers will want to know the geographic boundaries of the Local area.

Previously we've discussed the following three options.

1. Yolo County. Local is limited to within the boundaries of Yolo County.
2. Yolo County Nexus. Local is within Yolo County and outside of the county if there is a nexus back to the county. The Indian Valley Hydro Project is a good example of a project that is Local by nexus. It is owned by Yolo County Flood Control and Water Conservation District, which is another public agency serving Yolo County.
3. Local is within a broader geographic boundary than Yolo County, but still nearby. We've discussed possibly including all 6 adjacent counties as Local, which would include Colusa, Sutter, Sacramento, Solano, Napa, and Lake counties, in addition to the Geysers Geothermal Resource Area that spans Lake and Sonoma counties.

Figure 1 shows Yolo County and the adjacent 6 counties. Included are data on existing power plants, provided by the CEC. The Montezuma Hills Wind Resource Area (identified by the light blue wind generator icons) is in Solano County. The Geyers Geothermal Resource Area spans across southwestern Lake County and northeastern Sonoma County.

Limiting "Local" to Options 1 or 2

The challenges with defining Local using options 1 or 2, have to do with the land use restrictions that exist in Yolo County.

Figures 2 through 4 show incremental land use restrictions for the following factors:

Prime Farmland
Conservation Easements
Williamson Act

Long Term Renewable Solicitation Criteria Discussion

Figure 1. Yolo and Adjacent Counties with Existing Power Plants

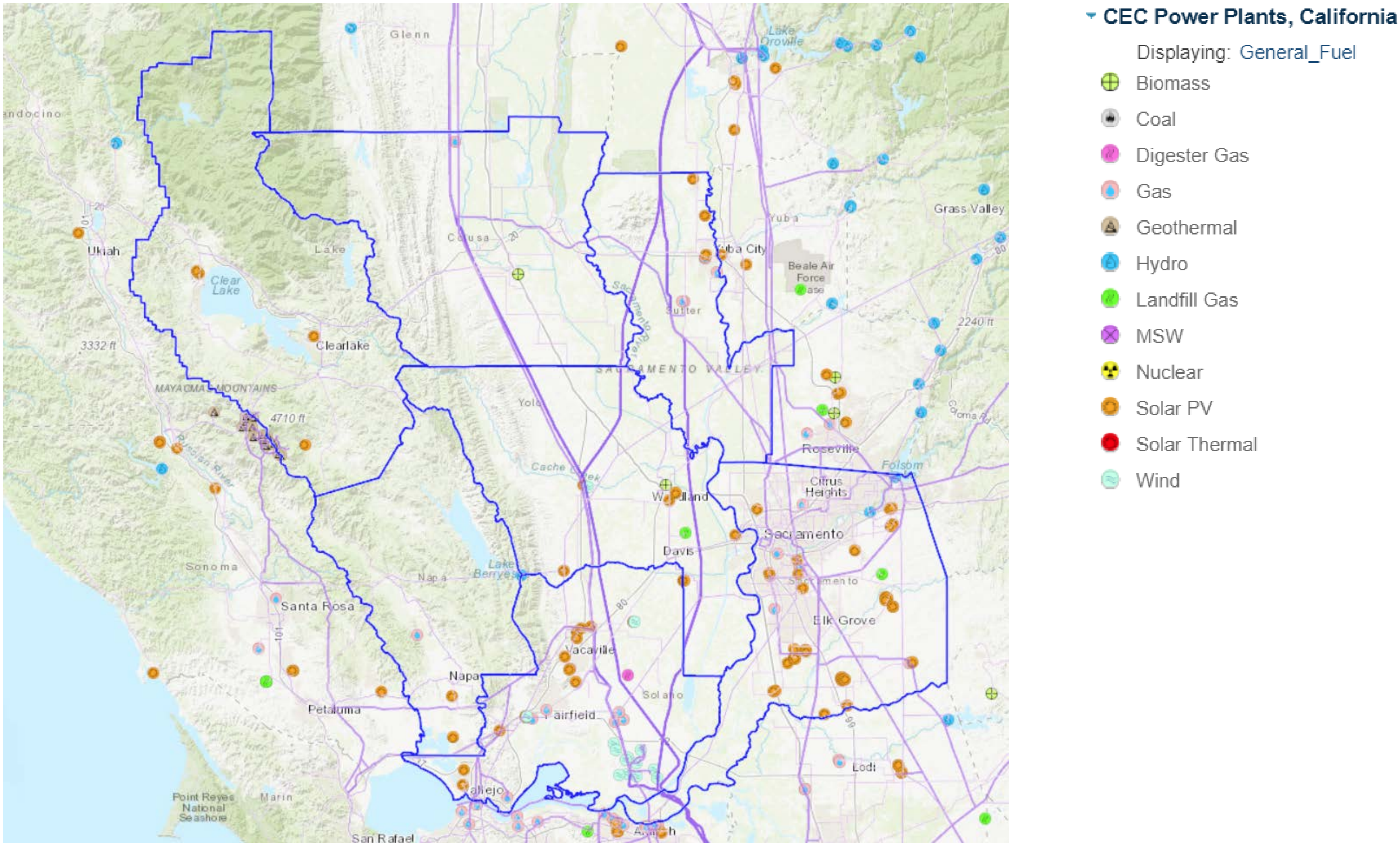


Figure 2. Yolo County Farmlands Designations

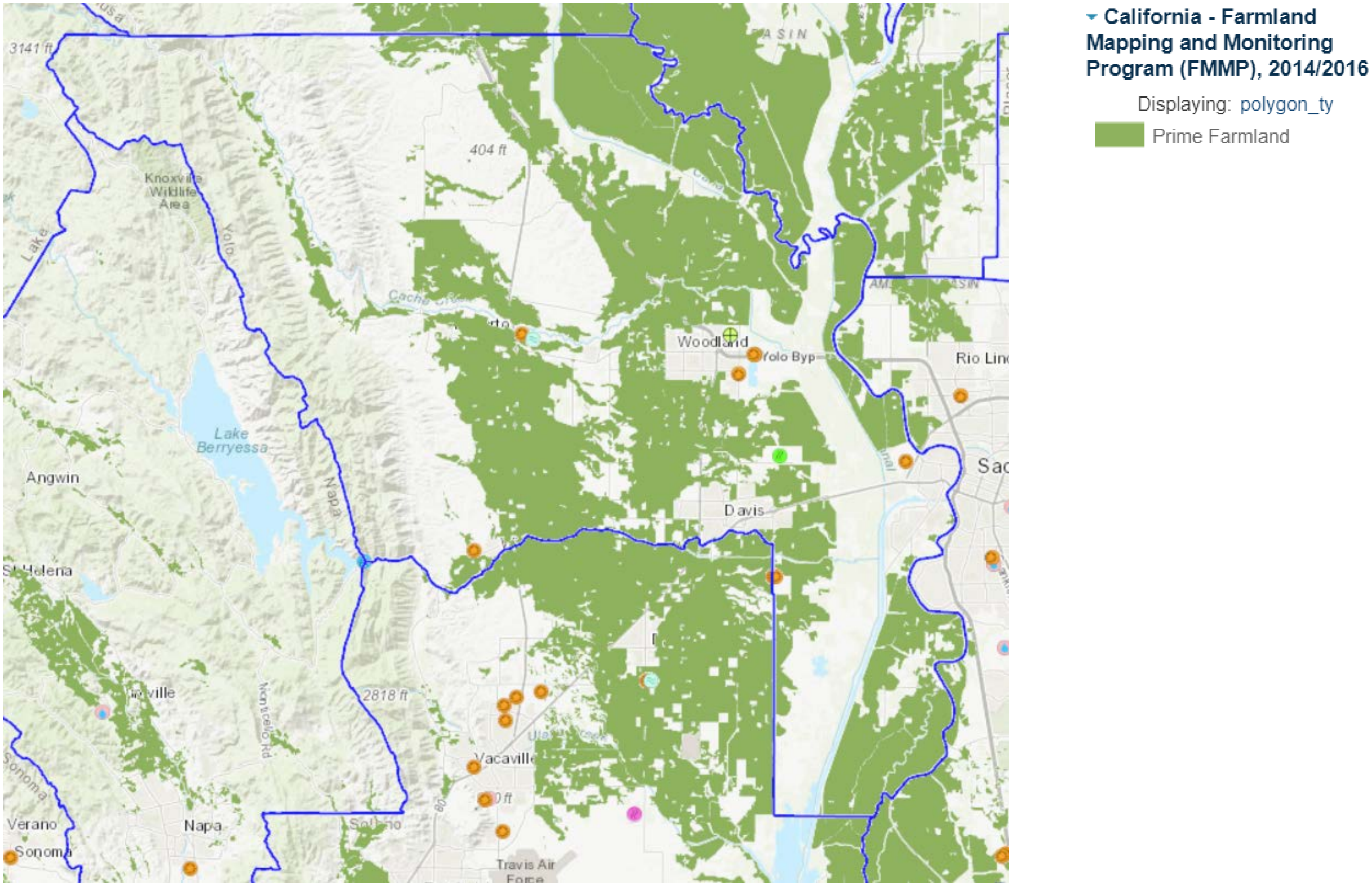
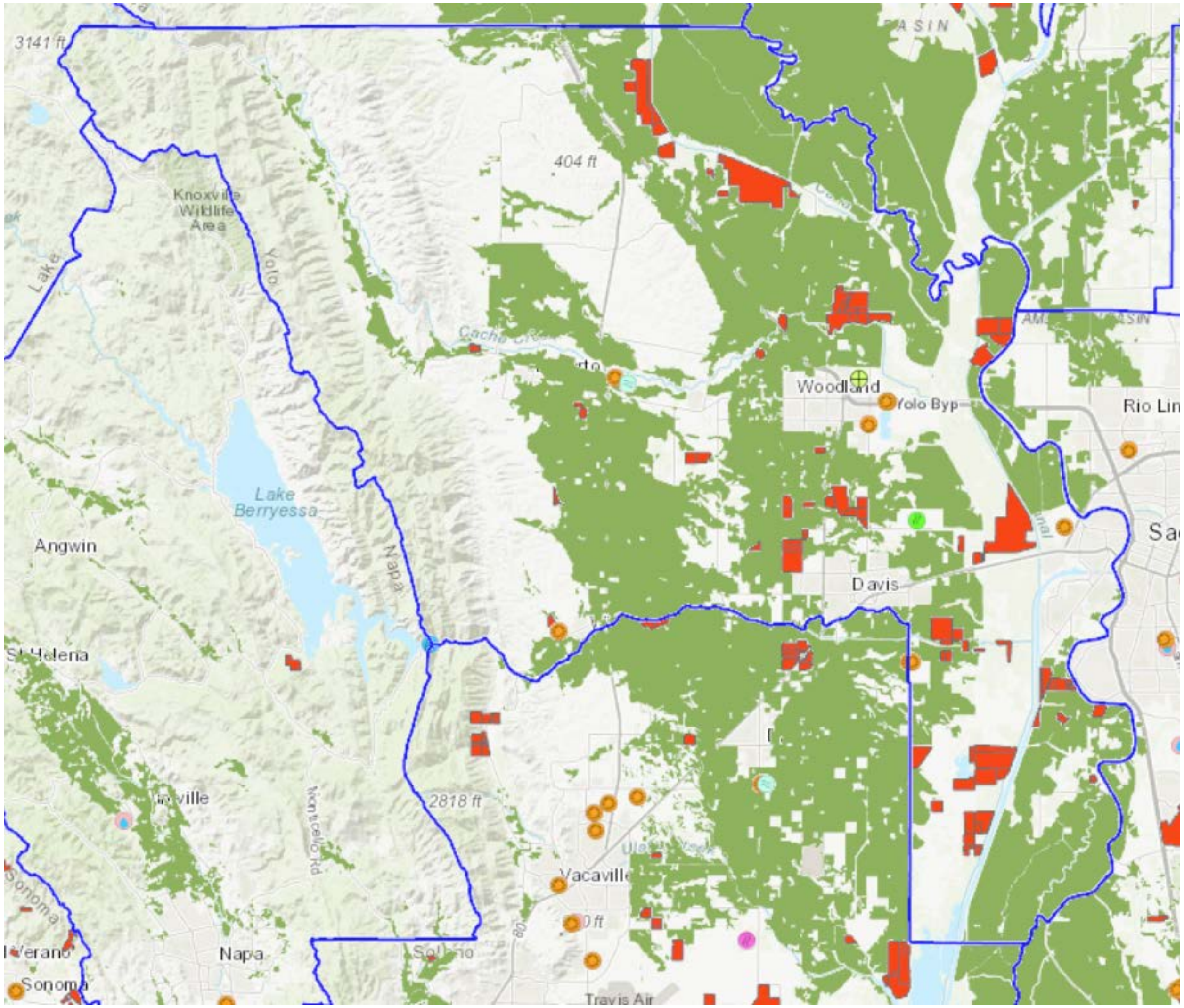


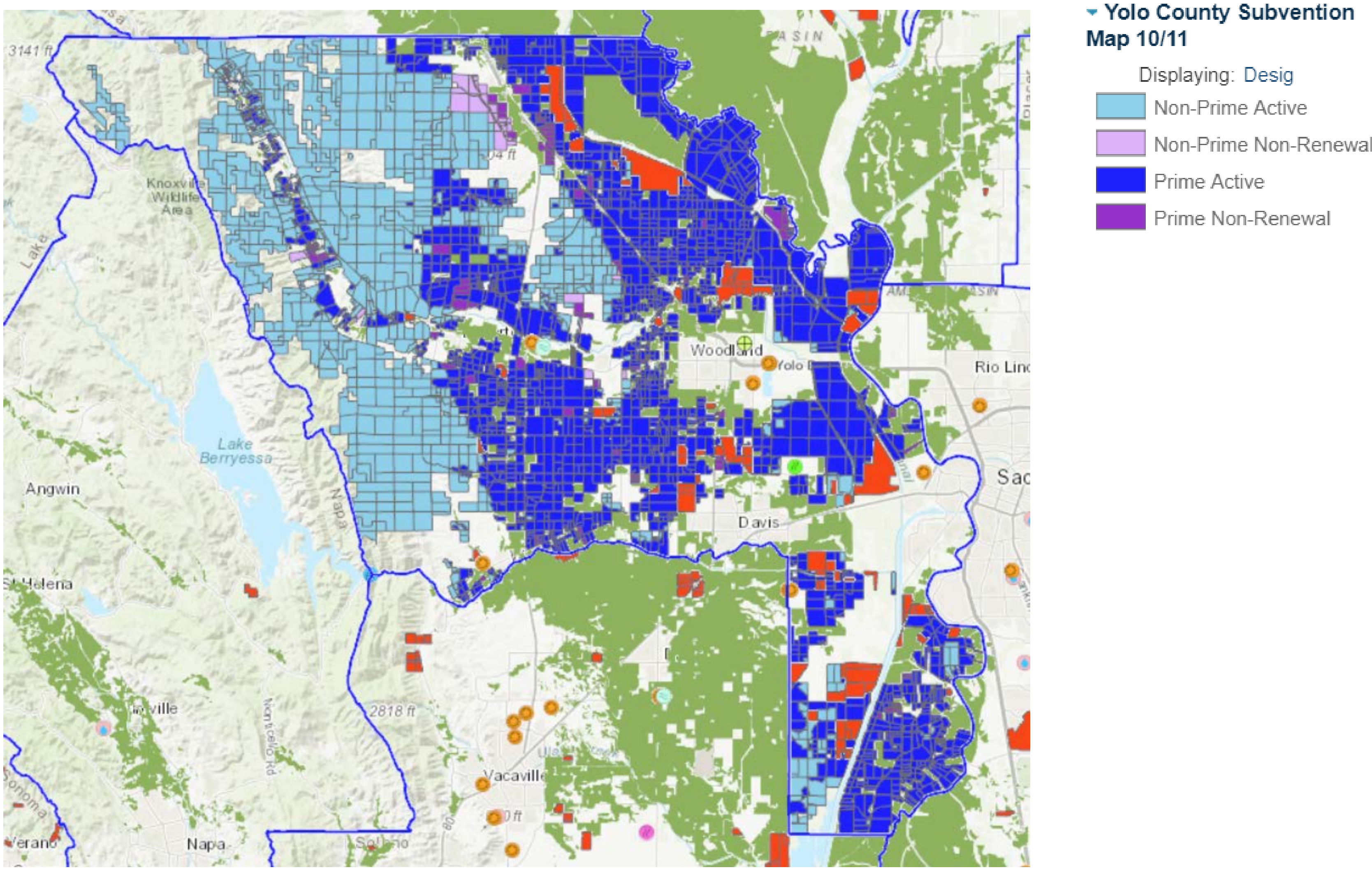
Figure 3. Yolo County Farmlands and Conservation Easements



National Conservation Easement Database (NCED) Version 1, 2011

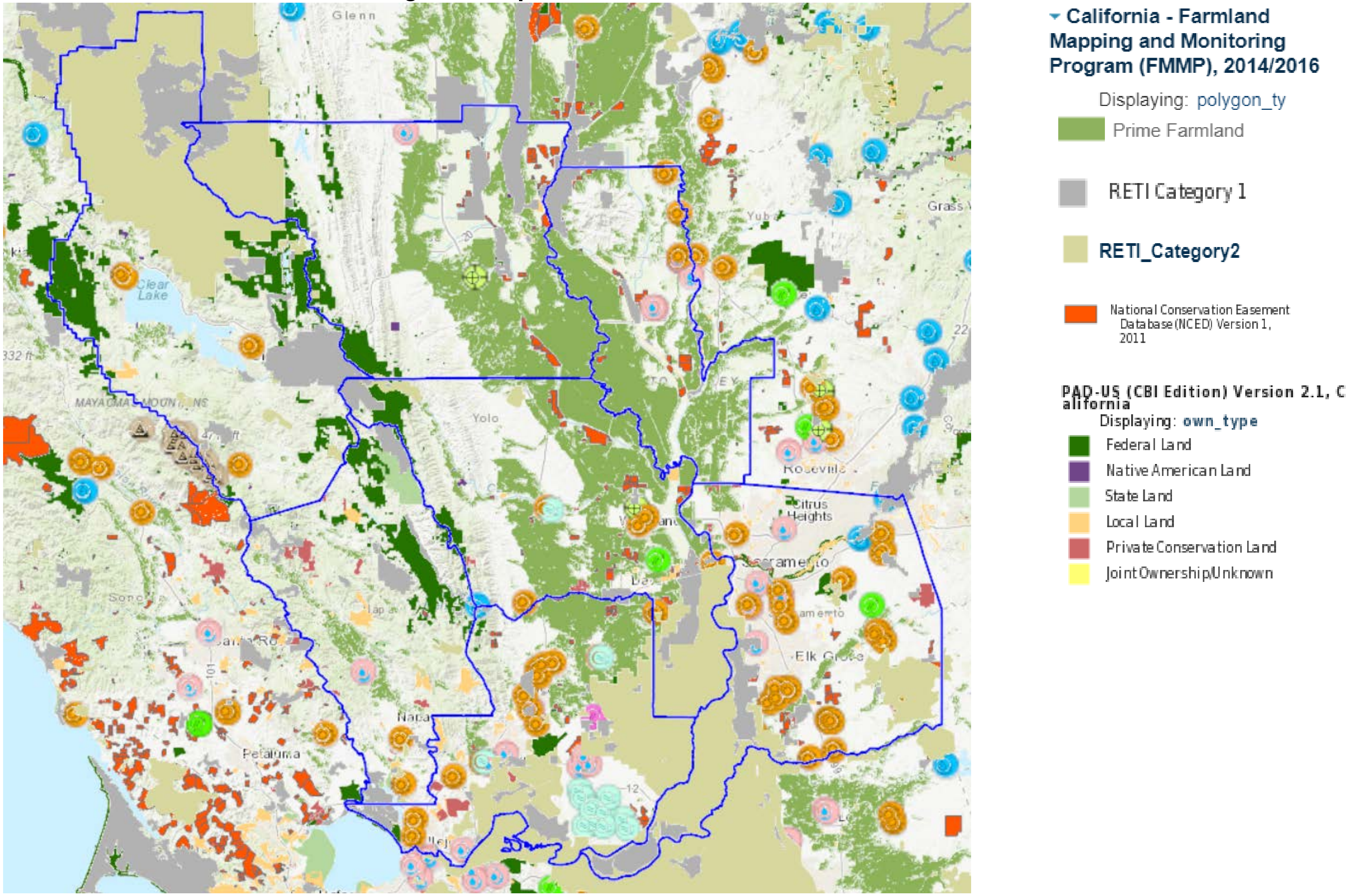
Long Term Renewable Solicitation Criteria Discussion

Figure 4. Yolo County Farmlands, Conservation Easements, and Williamson Act Lands



Long Term Renewable Solicitation Criteria Discussion

Figure 5. Option 3 For Local Definition



Long Term Renewable Solicitation Criteria Discussion

Discussion of Options

***Options 1 or 2 -* Yolo County Only, or Yolo County w/Nexus back to County (i.e. Indian Valley Hydro Project)**

Value

The primary value of limiting “Local” to Yolo County only, or Yolo County with a nexus back to Yolo County, is that any benefits of resource development are focused within the immediate VCEA service area.

Constraints

The big constraint is that there are limited areas within Yolo County for renewable resource development. If Options 1 or 2 are selected for the definition of Local, then the amount of Local resources will necessarily be smaller, and development of those resources will likely be stretched over a longer period of time than if Local had a broader definition. Local wind would not be likely. Local renewable resource options would be solar, the existing Woodland biomass project, and local landfill biogas.

Option 3 - Yolo County, Adjacent Counties and the Geothermal Resource area in Sonoma County

The primary value of expanding Local to Yolo County, adjacent counties and the parts of the Geysers Geothermal Resource Area in Sonoma County is that the pool, and diversity renewable resources available for the Local portfolio is greatly expanded. VCE would be able to incorporate Local wind and geothermal resources in its portfolio.

Figure 5 shows the expanded Yolo County plus 6 adjacent counties of Colusa, Sutter, Sacramento, Solano, Napa, and Lake. Included in the restricted lands are prime farmland, conservation easements, restricted federal lands, RETI (Renewable Energy Transmission Initiative) Category 1 lands and RETI Category 2 lands. RETI Category 1 lands are lands where development is prohibited, and RETI Category 2 lands are lands that are problematic.

Distinguishing Local from Regional and from Elsewhere in the State

During discussion with the Energy Subcommittee of the Community Advisory Committee, a proposal was made to consider adding a geographic area of “Regional” to VCE’s resource preference areas. “Local” would be limited to projects located in Yolo County (Option 1 or 2). Regional would be the geographical area defined generally by the surrounding 6 counties, including the Geysers Geothermal Resource Area.

Resources within Yolo County would be deemed Local, and would get the highest ranking in order of preference. Resources within the area defined as Regional, would get a higher ranking than resources located elsewhere within state. Resources located elsewhere in the state would receive the lowest rank for the location criteria. Adding

Long Term Renewable Solicitation Criteria Discussion

“Regional” then allows VCE to capture the large neighboring resource pool in a preferred category.

Long Term Renewable Solicitation Criteria Discussion

Siting Criteria

Discussion

Siting criteria is important to define so that VCE does not procure from projects that may be under development in areas:

1. VCE determines have important land uses to protect, such as prime farm lands;
2. That increases the likelihood of there being conflicts with sensitive wildlife species, cultural sensitivities, or other environmental issues.

The Renewable Energy Transmission Initiative (RETI) has been a statewide effort of the CEC, CPUC, utilities, and various stakeholders, to identify locations where additional renewable development would be likely to occur. This effort was specifically for the purpose of determining the need for additional transmission investment to make interconnection of renewable energy project to the grid possible.

As part of the exercise of determining transmission needs, the RETI effort identified Category 1 and Category 2 lands which are areas RETI targeted to avoid planned transmission expansions.

> RETI Category 1 is defined as: Lands where development is prohibited by law or policy;
>
> RETI Category 2 is defined as: Lands which include environmentally sensitive areas and other sensitive areas where development would be difficult and controversial.

Additional factors will impact developability due to land use restrictions, such as lands under conservation easements and encumbered by Williamson act commitments.

Defenders of Wildlife has developed a set of criteria it recommends for the procurement of renewables that promotes “Smart Green Energy.” Their recommendations are attached.

Conflicts of projects with lands categorized as either prime, RETI 1, or RETI 2 will be screened by determining whether their location is proposed for any of the conflict locations shown in:

> https://databasin.org/datasets/b83ea1952fea44ac9fc62c60dd57fe48;
>
> https://databasin.org/maps/new#datasets=5df0a3e83a984b8293728cb690442f81; and,
>
> https://databasin.org/maps/new#datasets=92e523f8598f40e99abebf3901f5bd46

Long Term Renewable Solicitation Criteria Discussion

Development Status Criteria

Discussion

The status of a project's development is important for VCE, in that a project that is much farther into its development cycle will generally have lower risk to VCE that the resource never achieves commercial operation.

Defenders of Wildlife has developed a set of criteria it recommends for the procurement of renewables that promotes "Smart Green Energy."

DOW recommends that a project not pass screening if they have not received a status of "Application deemed complete" by the appropriate land use authority.

A concern is that not all land use authorities may issue status notifications such as that.

An alternative is to have minimum pass/fail screening for the following development aspects:

> Acknowledgment by the relevant land use authority that a permit application has been received.
>
> Evidence of site control (meaning the developer has secured commercial terms from the land owner for the land use).

Ranking criteria can be established for the following (this language would not be in the solicitation, but will be used during the evaluation phase).

> Permit status (Permit obtained would be best, application deemed complete would rank lower, and application submitted would rank lowest).

Long Term Renewable Solicitation Criteria Discussion

Acceptable Technologies

While different renewable technologies do have differing environmental impacts, in the long run, VCE will likely need a mix of technologies with differing production shapes to create an overall renewable portfolio that attempts to follow VCE's loads as closely as possible.

As an observation, renewable technologies such as biomass and geothermal will generally be more expensive than wind or solar, just taken on a cost per MWh. In the short run, to meet long term renewable contracting requirements, it's most likely that a lower cost renewable portfolio will be more favorable to VCEs financial needs to maintain a least cost generation mix, meaning wind and solar will be the likely least-cost resources, and not likely biomass or geothermal. Over the long-run, more expensive renewable technologies can be brought later into the mix to provide additional support in better matching VCE's load shape.

The only restrictions that should be considered on technologies for this solicitation is that VCE does not want projects proposed with equipment or technologies that are not commercially produced at scale and that are not "bankable." Thus, no technologies or equipment that is/are in a research and development phase will be accepted.

Long Term Renewable Solicitation Criteria Discussion

Energy Storage

Storage - Include in Solicitation (or Not)

Assembly Bill 2514, (Skinner, 2010) tasks the CPUC with developing storage procurement requirements for the load serving entities under its jurisdiction.

AB 2514 states specifically:

> "This bill would require the CPUC, by March 1, 2012, to open a proceeding to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems and, by October 1, 2013, to adopt an energy storage system procurement target, if determined to be appropriate, to be achieved by each load-serving entity by December 31, 2015, and a 2nd target to be achieved by December 31, 2020."

To implement AB 2514, the CPUC set hearings, and ultimately issued a ruling, Rulemaking 10-12-007 (10/17/13 hearing date). In R.10-12-007, the CPUC includes procurement requirements for CCAs and other load serving entities. Specifically:

> "IT IS ORDERED that:
> …
> 5. Community Choice Aggregators and Electric Service Providers shall file a Tier 2 Advice Letter starting January 1, 2016 and every two years thereafter until 2024 to report their progress in procuring 1% of their 2020 annual peak load from energy storage projects under contract by 2020 and describe its methodology for measuring cost-effective projects. Projects are required to be installed and delivering by no later than the end of 2024."

For VCE, 1% of 2020 peak load is 2.3 MW (forecast peak is 230 MW). This storage capacity must be under contract by 2020, and operating by 2024. It makes sense therefore to include requests for storage in this long-term renewable solicitation.

Storage - Which Technologies

With regard to the intent of AB 2514 regarding storage technologies, while not promoting specific storage technologies, the legislative intent clearly indicates storage technologies directly producing electricity:

> "The Legislature finds and declares all of the following:
>
> (a) Expanding the use of energy storage systems can assist electrical corporations, electric service providers, community choice aggregators, and local publicly owned electric utilities in integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid in a manner that minimizes emissions of greenhouse gases.

(b) Additional energy storage systems can optimize the use of the significant additional amounts of variable, intermittent, and off-peak electrical generation from wind and solar energy that will be entering the California power mix on an accelerated basis.

(c) Expanded use of energy storage systems can reduce costs to ratepayers by avoiding or deferring the need for new fossil fuel-powered peaking powerplants and avoiding or deferring distribution and transmission system upgrades and expansion of the grid.

(d) Expanded use of energy storage systems will reduce the use of electricity generated from fossil fuels to meet peak load requirements on days with high electricity demand and can avoid or reduce the use of electricity generated by high carbon-emitting electrical generating facilities during those high electricity demand periods. This will have substantial cobenefits from reduced emissions of criteria pollutants.

(e) Use of energy storage systems to provide the ancillary services otherwise provided by fossil-fueled generating facilities will reduce emissions of carbon dioxide and criteria pollutants."

The CPUC in R.10-12-007 gives CCAs the flexibility to determine where to locate the storage installations.

Currently, battery storage integrated into renewable energy projects is becoming more common, and supports the goal of "integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid."

Additionally, battery storage integrated with a renewable project is fully eligible for the enhanced investment tax credit (currently at 30%). The only restriction is that for the first 5 years of the project, the battery system can only be charged by the renewable resource (not from the grid).

Consideration for other types of storage can be made later in subsequent solicitations.

Long Term Renewable Solicitation Criteria Discussion

Out-of-State Resources

Discussion

There are pros and cons on accepting (or not) renewable resources located out-of-state.

Reasons for Not Accepting Proposals for Out-of-State Resources

Here are two primary reasons influencing a decision to not accept out-of-state resources in this solicitation:

1. The politics around CCA formation. Labor influences in the state have been trying to minimize the value of out-of-state renewable resources. SB 350 established deliverability criteria for out-of-state resources, that restricted how much out-of-state renewables could be relied upon by California load serving entities. CCAs have been targeted for relying too heavily on out-of-state resources.

2. Resource development in California in general has more rigorous siting and environmental requirements than other states. Limiting proposals to in-state resources eliminates some uncertainty on the siting methodologies enforced by other states.

Reasons for Accepting Proposals for Out-of-State Resources

Wind generation from regions more central to the United States has higher capacity factors, and may have production shapes that better fit VCE's loads than in-state wind resources.

Solar from the desert southwest has higher annual average production than solar in California and the cost of delivered solar to California may be substantially lower than solar located within California, although without integrated storage, desert southwest solar production timing may not best fit VCE's load shape.

Other

This initial solicitation effort will not be VCE's last. As such, limiting proposals to in-state resources now won't overly restrict VCE in the future. It can request out-of-state resources in a later solicitation if it's shown that out-of-state wind and solar have other production characteristics that are attractive and better fit renewable production to VCE load.

Long Term Renewable Solicitation Criteria Discussion

Interconnection Criteria

Discussion

As previously mentioned it will be important for VCE to entertain projects that are further along in their development cycle. This is driven by the need for VCE to begin receiving substantial amounts of long-term procured renewable power in 2021.

One aspect of insuring that a project is further along in its development, is to require as a minimum criteria for consideration that the bidder have the project already in a transmission interconnection queue. This insures that the project is already engaged in the process for determining what will be required to interconnect the project to the electrical system and what the costs will be for that interconnection.

Additionally, to maximize the value of the renewable resource, it will be important for the project bidder to have requested system interconnection that allows for a full capacity deliverability status designation for the project (as opposed to a partial capacity deliverability status or an energy only status).

Information will be collected from each bidder on the progress their proposed projects have with the interconnection process, and this progress will be included as an evaluation criteria during the evaluation phase.