

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Valley Clean Energy Alliance Board of Directors
FROM: Mitch Sears, Interim General Manager, VCEA
SUBJECT: Approval of Minutes from June 6, 2018 Board Meeting
DATE: July 12, 2018

RECOMMENDATION

Receive, review and approve the attached draft Minutes from the June 6, 2018 Board meeting.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
June 6, 2018**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their meeting scheduled for Wednesday, June 6, 2018 at 5:30 p.m. at the Davis City Community Chambers, 23 Russell Blvd., Davis CA 95616. Chairperson Lucas Frerichs established that there was a quorum present and began the meeting at 5:34 p.m.

Board Members Present: Lucas Frerichs, Robb Davis, Don Saylor, Tom Stallard, Skip Davies

Board Members Absent: Angel Barajas, Duane Chamberlain

Approval of Agenda Motion made by D. Saylor, seconded by R. Davis to approve the Agenda. Motion passed unanimously with Barajas and Chamberlain absent.

Public Comment Chairperson Frerichs opened the floor for public comment. No public comments were made.

Community Advisory Committee Chairperson Gerry Braun would like to supplement the CAC meeting notes in Item 10. There is work going on outside CAC in three Task Groups: 1) Outreach - helping staff clarify NEM information listed on the VCEA website; 2) Legislative/Regulatory - looking at things going on in the State and 3) Energy – taking the opportunity while reviewing the IRP to look at bulk versus local imports and portfolios, with a recommendation forthcoming. In addition, he anticipates that the CAC will have suggested action steps for the Board that will parallel with the IRP. He announced that in regard to the CAC’s recommendation PCC-2 split vote, the reason is that there is concern about environmental issues and would like to look at this more carefully. He also announced that CAC Member Kristov is engaged by CalCCA as an expert witness in the CPUC hearings, so the Board will get an insight into those proceedings at a future meeting. No other public comments.

Approval of Consent Agenda Motion made by R. Davis, seconded by D. Saylor to approve the Consent Agenda. Motion passed unanimously with Barajas and Chamberlain absent.

Appointment of Secretary to VCEA Joint Powers Agency Motion made by R. Davis, seconded by D. Saylor to approve the appointment of Alisa Lembke, VCEA Board Clerk/Administrative Analyst as secretary to VCEA Joint Powers Agency. Motion passed unanimously with Barajas and Chamberlain absent.

Approval of Minutes from May 10, 2018 Meeting Motion made by R. Davis, seconded by D. Saylor to approve the May 10, 2018 Board meeting minutes. Motion passed unanimously with Barajas and Chamberlain absent.



Long Range Calendar	Motion made by R. Davis, seconded by D. Saylor to receive the long range calendar. Motion passed unanimously with Barajas and Chamberlain absent.
Approval of VCEA Operating Budget for Fiscal Year 2018/2019 / Resolution 2018- 017	Motion made by R. Davis, seconded by D. Saylor to approve a resolution titled “Resolution of the Board of Directors of the Valley Clean Energy Alliance Adopting the Operating Budget for Fiscal Year 2018-2019”. Motion passed unanimously with Chamberlain and Davis absent.
Regulatory and Legislative Update	Motion made by R. Davis, seconded by D. Saylor to receive the regulatory and legislative report provided by LEAN Energy US. Motion passed unanimously with Barajas and Chamberlain absent.
Customer Enrollment Update	Motion made by R. Davis, seconded by D. Saylor to receive the customer enrollment update provided at this meeting by VCEA Staff. Motion passed unanimously with Barajas and Chamberlain absent.
Community Advisory Committee Meeting Update	Motion made by R. Davis, seconded by D. Saylor to receive the Community Advisory Committee’s (CAC) report summarizing their May 30, 2018 meeting. Motion passed unanimously with Barajas and Chamberlain absent.
Recognition of VCEA Board member Robb Davis for Service to Valley Clean Energy	Chairperson Frerichs presented Board Member Robb Davis with an honorary resolution recognizing and thanking him on behalf of the Communities of Davis, Woodland and Yolo County for all of his work leading up to the creation of VCEA. He thanked Mr. Davis for leading by example and serving on the VCEA Board. Each Board Member present thanked him and said a few words. Christine Shewmaker, Vice Chair of the Community Advisory Committee thanked him for the value he brought to the VCEA Board as a scientist, Council Member and resident. Mitch Sears on behalf of the Staff thanked him. Mr. Davis responded with a thank you for the kind words stating that he encourages everyone to continue with the “localism” of making decisions that fit the communities that VCEA serves. The goal of forming VCEA was to make it a county-wide entity which includes Davis, Woodland and Yolo County and he is very proud that he can tell others that this is a regional entity. He looks forward to seeing local governments work collectively together to achieve common goals.
Integrated Resource Plan 1) Review Draft Plan Results and Discuss Community Advisory Committee Feedback 2) review Prioritization of	Mr. Sears announced that there have been a series of discussion items with the CAC and the Board. Those discussions have focused on educating everyone on the purpose and the expectations of what is to be included in the IRP while outlining the objectives of VCEA and the communities it serves. Staff have had detailed discussions with the CAC, who will finalize their IRP recommendations at their next meeting. Their recommendations will then be presented to this Board at their next meeting scheduled for July 12, 2018; thereafter, Staff will submit the IRP to the CPUC by August 1 st . Mr. Sears introduced VCEA Staff Gary Lawson and Olof Bystrom.



Action Plan
Activities for Years
1-3

Mr. Bystrom (Slide 3 – IRP Basic Requirements) reviewed the IRP basic requirements. Per Mr. Bystrom, from a policy perspective (Slide 4) what is relevant is that the Board should focus on: 1) local balancing with cost competitiveness; 2) total renewable content portfolio; and, 3) identifying what programs VCEA would like to run (these programs will come later and are not part of the IRP). Mr. Bystrom reviewed (Slide 5) the IRP portfolio alternatives that the Board could consider: Basic, Cleaner, Clean Local and Cleaner VCEA. Slide 6 identifies the resource portfolio general mix. T. Stallard asked if Mr. Bystrom could define “short term”. Mr. Bystrom replied that short term means to meet 2019 demand. Chairperson Frerichs asked why are biomass and geothermal charted together on Slide 6 (generation mix)? Mr. Bystrom stated that it was merely to simplify the graph and commented that the potential for new resources of biomass and geothermal are limited.

Mr. Bystrom reviewed Slide 7 (estimated generation costs by portfolio) pointing out that the Clean Local portfolio contains biomass, geothermal, solar and local solar, the difference between the other portfolios is the cost. D. Stallard asked how “local” is local? Mr. Bystrom answered that it is not specific to a location, but biomass and geothermal around the county with solar being smaller scale facilities or parking lot structures. He also pointed out that the CAISO generation is more of a flat line on the graph as it is used as the benchmark for energy cost – it is what we would expect the market to be at. R. Davis asked why is the cost so much higher in the first year than the other portfolios? Mr. Bystrom explained that he used the year 2020 assumptions in which California’s natural gas is continued to be used so, in the model, supply and demand was used in conjunction with 2018 actual cost. Mr. Lawson commented that the CPUC would like CCE’s to use certain assumptions.

Mr. Bystrom continued with Slide 7 (general costs by portfolio) and pointed out that Cleaner Base is heavy local and renewable, but the cost goes up and that the Base portfolio is the lowest cost of all portfolios. He also noted that all of the portfolios cluster in 2030 because there is a lot of uncertainty and it is difficult to project out to the year 2030. However, there is an expectation that solar is the lowest cost resources, so this is why all portfolios cluster together in the year 2030.

Mr. Bystrom pointed out that on Slide 7, there is also an Incremental Impact chart of Cleaner Base and Cleaner Local showing that generation rates go up if using the Cleaner Local over years. T. Stallard asked if the increase is based on inflation? Mr. Bystrom said the increase is not due to inflation but rather the tightening of the market with natural gas prices expected to go up in 2030. T. Stallard asked if the regulatory requirements were driving the cost up. Mr. Bystrom answered yes. T. Stallard asked if this exercise is to help define VCEA’s future purchasing policies for resources? Mr. Bystrom answered yes. Mr. Lawson explained that the target portfolio will be defined in the IRP, but VCEA does not have to be held to it. The CPUC wants to see VCEA’s Action Plan in the IRP. Mr. Bystrom commented that VCEA will need to review and



update their IRP at the minimum every two (2) years. T. Stallard asked if VCEA was “locked in” for 30 years? Mr. Lawson said that procurements will be on going, but your base procurements will be.

Mr. Bystrom reviewed Slide 8 (observations and recommendations). D. Saylor asked to define “large scale”. Mr. Bystrom answered that it is not really large scale, but rather the amount of megawatts produced, which is 20 megawatts and above. He commented that the largest solar farm in California produces 200 megawatts, then referred to examples of sizes in Slides 14 (UC Davis), 15 (City of Woodland), 16 and 17 (SMUD facilities), and 18 (Antelope Valley, 230 megawatts, covering 1 mile by 1 mile in size).

R. Davis asked what the drivers are for biomass; is there a way to make it work; and, if it is feasible since it is such a high cost? Mr. Bystrom stated that SMUD did the research on biomass and it is a well-known technology, but costly: 3 times more than solar. However, if there are good offers to use biomass, then SMUD will look at it - there will be tradeoffs between the other sources. Mr. Bystrom reminded those present that the IRP will identify a portfolio, but the Action Plan outlines how you are going to get there - key deliverables for the next 1-3 years.

Mr. Lawson reviewed the IRP (Slide 10), which highlighted the main objectives of an IRP including an action plan that will identify key deliverables and procurement portfolio. A study of items will be looked at and can affect the Action Plan in the future. D. Saylor asked if facilities, such as warehouses, manufacturing sites, wine making businesses, could mobilize and install solar, thereby benefiting from this IRP? Mr. Lawson explained that the economy of scales would prevent VCEA from encouraging businesses/entities to purchase solar. He added that it is expensive, but there are ways to encourage businesses/entities to work together collectively so it would be more cost effective.

R. Davis stated that it would be helpful if the CPUC kept everyone informed as to what their end result expectations are of the CCE's; why it is important in the long term; and, what are the objectives or vision of the long term. He stated that as the Board moves forward, they should consistently remind themselves of VCEA's objectives and those of its customers.

Chairman Frerichs opened up the floor for public comment.

Community Advisory Committee Chairperson Gerry Braun offered one suggestion for the Board, which is that Staff and CAC Members consider other factors, such as economies of scale, environmental and process delays when looking at what is considered to be “local”. One suggestion is to look at the cost compared to the range of supply. D. Saylor commented that when we look at potential “local” sources, we may have to look at changing the local regulatory framework while considering agricultural goals and objectives. Mr. Lawson



pointed out that some areas are better than others, but SMUD will map those out to determine how much property would be available.

T. Stallard commented that there are choices available, but there are significant impacts and policy implications as the result of what is chosen. Mr. Bystrom informed those present that criteria, requirements and type of resources will be outlined in VCEA's procurement policy and within the request for proposals.

Approval of
Suspension of
Forward PCC-2
Renewable
Procurement /
Resolution 2018-
018

Mr. Lawson reviewed Slides 3 (effects of carbon intensity calculation and the REC offset value); 4 [suspension and California Energy Commission (CEC) AB1110 implementation]; and 5 (CEC staff proposal) with those present. He reminded those present that the CEC staff proposal for greenhouse gas emissions intensity proposal is not favorable to the treatment of PCC-2 renewable power imports. It is Staff's recommendation to suspend PCC-2 procurement to see what the CPUC adopts, said recommendation is outlined in Slide 7. R. Davis noted that in Slide 5 it lists PCC-1 along with PCC-2.

Chairperson Frerichs asked if there were any questions from the Board. R. Davis commented on CAC Chairperson Braun's comment about what is to be done if the CPUC does not adopt Staff's recommendation. R. Davis suggested that possibly the Resolution be amended to reflect that Staff is to return to the Board after the CPUC makes a decision for further Board discussion and direction.

Public comment: Christine Shewmaker, Vice Chair of the CAC, stated that she abstained from the CAC vote on this recommendation because she wanted to look into the environmental impacts.

R. Davis asked if the people who purchase PCC-2 renewables know its characteristics and if there is a premium price on PCC-2 renewables? Mr. Lawson answered that there is a premium for purchasing PCC-2's.

Moved by R. Davis to amend the Resolution titled "A Resolution of the Valley Clean Energy Alliance Suspending the Current Forward Procurement of PCC-2 Renewable Power Pending Outcome of the California Energy Commission's Effort to Update the Power Source Disclosure/Power Content Labeling Requirements for Load Servicing Entities" by directing VCEA Staff to return to the Board for further discussion and direction after the CPUC makes their decision on PCC-2's, seconded by Chairperson Frerichs. Amended motion passed by the following vote:

AYES: Frerichs, Davis, Saylor, Stallard, Davies

NOES: None

ABSENT: Barajas, Chamberlain

ABSTAIN: None



Board and Staff
Announcements

Chairperson Frerichs asked to go over the Customer Enrollment data (Agenda Item 9 above). Mr. Sears provide a quick update on behalf of Jim Parks (Customer Outreach) stating that there are approximately 1,700 opt outs, representing 2.6% of total customers and approximately 36 opt ups. We are looking at marketing campaign for customers, benefits and costs to opt up. Mr. Sears thoughts were that local generation will be of interest to people. S. Davies asked if there was a strategy for getting back those people that opted out? Mr. Sears stated that VCEA continues with community outreach efforts by doing presentations and making contacts with other community groups. He reminded those present that Customers are in the enrollment period and during this time basic outreach in the next sixty (60) days will continue. Staff are starting to look at where people are located that are opting up and developing program(s) to maintain customers through the website and social media outreach. Staff is also looking at target areas to get the word out to explain and assist in educating others.

Mr. Sears thanked all those who attended VCEA's launch party on Friday, June 1st. He thought it went well and good times were had by all.

Mr. Sears attended the Local Government Commission conference in Sacramento earlier this week. It was an excellent network opportunity with a broad representation of 350 plus attendees.

Chairperson Frerichs thanked Staff for putting on a great launch party.

Mr. Sears announced that the CPUC will be hosting a Public workshop on June 22, 2018 in San Francisco and CalCCA has asked Chairperson Frerichs to participate in this.

Announcements

The next VCEA Board meeting has been scheduled for Thursday, July 12, 2018 at 5:30 p.m. at the Woodland City Council Chambers, 2nd Floor, 300 1st Street, Woodland, CA.

Meeting was adjourned at 7:18 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst