Meeting of the Valley Clean Energy Alliance
Board of Directors
December 13, 2018 at 5:30 p.m.
City of Davis Community Chambers, 23 Russell Blvd., Davis, CA 95616

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@valleycleanenergy.org.

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

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

Board Members: 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 November 1, 2018 Special Meeting (PCIA Workshop) and Draft November 15, 2018 Special Meeting Minutes

5. Receive Long Range Calendars
6. Receive Financial Update – October 31, 2018 (unaudited) financial statements

7. Receive December 5, 2018 Regulatory Update provided by Keyes & Fox

8. Receive Customer Enrollment Update as of December 7, 2018

9. Receive Community Advisory Committee’s December 3, 2018 Meeting Summary

10. Request to approve Amendment 6 to amend Task Order No. 4 (Operational Staff Services) of the Sacramento Municipal Utility District (SMUD) Professional Services Agreement to extend the Task Order to March 1, 2019.

REGULAR AGENDA

11. Board Consideration of Appointment of City of Woodland Resident to Community Advisory Committee

12. Staff Recommendation to Proceed/Complete PCC-2 Renewable Power Procurement for 2019

13. Provide update to VCE Board Approved modifications to Valley Clean Energy’s rate structure, rate discount and postponement of NEM Customer Enrollment that partially address the financial impacts associated with the California Public Utilities Commission’s October 11, 2018 Power Charge Indifference Adjustment decision.

14. 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, January 10, 2019 at 5:30 p.m. at the City of Woodland Council Chambers, 300 1st Street, Woodland, CA 95695.

15. Election of Chair and Vice Chair (Effective January 2019)

16. Adjournment of the business portion of the meeting to recognize VCEA’s 2nd Anniversary, reception to follow.

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 – Agenda Item 4

TO: Valley Clean Energy Alliance Board of Directors

FROM: Alisa Lembke, VCEA Board Clerk/Administrative Analyst

SUBJECT: Approval of Minutes from November 1, 2018 and November 15, 2018 Special Board Meetings

DATE: December 13, 2018

RECOMMENDATION

Receive, review and approve the attached draft Minutes from the November 1, 2018 Special Board / PCIA Workshop meeting and November 15, 2018 Special Board meeting.
MEETING MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
PCIA WORKSHOP
Thursday, November 1, 2018

The Board of Directors of the Valley Clean Energy Alliance duly noticed their Special meeting scheduled for Thursday, November 1, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland, California. A quorum of Board members was established and the meeting began at 5:34 p.m.

Board Members Present: Lucas Frerichs, Dan Carson, Don Saylor, Duane Chamberlain *

Board Members Absent: Tom Stallard, Angel Barajas

*=Duane Chamberlain departed at 6:50 p.m.

Approval of Agenda
Chairperson Frerichs introduced the Board; informed those present that a quorum was established; that no action would be taken tonight as this is a workshop; and, that this is an information meeting only.

Director Saylor made a motion to approve the November 1, 2018 Agenda, seconded by Director Chamberlain. Motion passed unanimously with Directors Stallard and Barajas absent.

Public Comment
Chairperson Frerichs opened the floor for public comment. There being no public comment, the floor was closed.

CLOSED SESSION
The Board adjourned their meeting to go into Closed Session at 5:36 p.m. The Board returned to their Agenda at 6:00 p.m. Chairperson Frerichs stated that there was nothing to report out from Closed Session.

WORKSHOP
Power Charge Indifference Adjustment (PCIA)
VCE Staff Gary Lawson reviewed slides provided in the handout covering the PCIA decision, historical and proposed PCIA for PG&E, revised comparison base case, and an Excel spreadsheet (slide 7), showing the current PG&E calculated PCIA (less likely) and reduced operating costs.

Mr. Lawson reviewed several case scenarios:

Base Case (slide 8) updated PCIA estimate (more likely), reduced operating costs. Mr. Sears pointed out that it is key to look at the net margin and that, ideally, the number should never be lower than 5% of market.

Base Case (slide 9) - PCIA fully adjusted for recent power market pricing moves (less likely), reduced operating costs.
Mr. Lawson stated that there are policy options available and reviewed additional case scenarios:

Base Case (slide 10) – updated PCIA estimate (more likely), reduced operating costs and assumes PG&E rates remain flat. Mr. Lawson stated that Staff looked at lower rates from the current 2.5% less VCE rate, such as 1%, but the lower rates are not in this slide scenario.

Base Case (slides 11 and 12) updated PCIA estimate (more likely), elimination of rate discount, reduced operating costs. VCE Staff Lisa Limcaco addressed the revised NEM policy in this model of monthly billing with February annual true up.

Base Case (slide 13) – updated PCIA estimate (more likely), elimination of rate discount, deferral of NEM enrollment, reduced operating costs. This model assumes that the NEM Customers do not come in at all, but it will be a policy decision the Board will need to make and most likely it will only be a one-year deferral. Director Carson asked if they could see what the model looks like with only a 6-month deferral. Mr. Lawson replied that a 6-month deferral helps a little, but not enough, and suggested that the Board review information after a year to possibly bring NEM Customers back in 2020.

Several policy options to stabilize VCE financials (slide 14) were presented:
- Reduce/eliminate rate discount / match PG&E rates (0% discount) and adopt dividend (similar to MBCE approach)
- NEM options: 2019 enrollment deferral, revisit for 2020 / eliminate NEM generation premium
- Reduce renewable/clean energy content
- Trim operating costs

Mr. Lawson reviewed the benefits of eliminating the rate discount and deferring NEM enrollment (slide 15). Director Carson stated that he is concerned how postponement of NEM is communicated to the NEM customers.

Mr. Sears stated that in anticipation of major policy changes that will most likely have to be made, he asked Mr. Jim Parks, VCE Director of Customer Care and Marketing, to put together a marketing strategy.

Mr. Parks reviewed with those present the marketing strategy, which includes public outreach meetings, messaging, and opportunities for customers to express their concerns and ask questions. Chairperson Frerichs stated that the Board and CAC Members need to also support messaging of VCE. Mr. Parks reviewed a marketing schedule addressing our website, social media, call center, newspaper, and partnerships with other agencies/entities.
Mr. Parks announced that the SACOG grant is forthcoming, which lays the foundation for further advancement in the communities that are served by VCE. A SACOG phone conference call is scheduled tomorrow to get more information. He stated that a joint press release is forthcoming after all parties agree and after the final definitive award has been made which is scheduled to be heard in mid-December by the SACOG Board.

Chairperson Gerry Braun of the Community Advisory Committee (CAC) provided a recap of the CAC’s October 29, 2018 meeting discussion on PCIA as follows:

1. Communications with Customers need to remain positive while emphasizing VCE’s long term vision, cost competitiveness with PG&E, and clear communications of PCIA increase and resilience of VCE.
2. Aim to avoid an increase in opt-outs and encourage community support to opt-up.
3. Consider year-end rebate or other similar approach.
4. Consider load shifting / energy efficiency messaging.
5. Encourage VCE to look at other options to deferring NEM customer enrollment, while lessening the financial impact to VCE, such as, possibly removing the $0.01 cent premium on net generation. Encourage the Board to consider the long-term strategic impact of delaying NEM customer enrollment.
6. VCE needs to retain the flexibility and capacity to ensure VCE’s short and long-term vision.

Chairperson Frerichs thanked the CAC for presenting the recap of their PCIA discussion and for the work of the CAC.

Comments:

Director Saylor reiterated that he does not want to deter long term vision with short term decisions/policy changes, while focusing on “retaining flexibility and capacity to ensure short and long-term vision” recapped in the CAC’s discussion. In addition, he believes that there has to be a discount of some amount as VCE customers not only live “renewable” but appreciate the discount. He reminded those present that there are always opportunities in an “issue” environment. He encourages increasing communications with large accounts, getting the message out that we are “steering the course”, and enlisting the community to be a part of this process/journey.

*=Duane Chamberlain departed at 6:50 p.m.

Director Carson commented that there are too many moving parts with information coming in daily, and as a result, the Board will most likely finalize the best course of action at their December Board meeting.
He is interested in learning more about the reduction to operating costs and what the implications are to the budget. He also supports the marketing solutions as suggested by the CAC and the implications to some of the ideas expressed in their recap.

Chairperson Frerichs asked for clarification as to why the account amounts remain the same in slides 11 and 12 for the 2018, 2019, 2020, and 2021 years, because of NEM enrollment? Yes.

Chairperson Frerichs commented that he would also like to see a 1% model so there is some form of discount and offering something tangible is important. He likes the Monterey structure, which needs to be explored further, but he is not sure how to have that discussion. He believes it is important to bring in the NEM customers, having them in VCE as customers is better for VCE in the long term, and expanding VCE areas thereby increasing the number of customers. In regard to the NEM customers, it would be good to offer an incentive, although not large, but something. And, not delaying enrollment of the NEM customers. He reminded those present that one of the primary goals of VCE is renewables, so not certain if we want to reduce our renewables. The more VCE can show the public that VCE is doing what they proposed to do is important.

Mr. Sears stated that Staff can provide a 1% discount rate model. He reminded those present that anything less than 5% net margin is not good business practice nor is it acceptable to the terms of VCE’s agreement with River City Bank. Mr. Sears stated that VCE is already passed due its sixty (60) days prior to enrollment notification to enroll NEM customers in January 2019.

Chairperson Frerichs stated he understands the keeping above the 5% net margin, but what about the net income - what are the legal requirements to have a balanced budget for JPAs? Ms. Harriet Steiner, VCE legal counsel, stated that JPAs need to have a balanced budget, so various blocks are moved around in order to accomplish this. Mr. Lawson informed those present that once VCE’s reserves are built up, VCE can use their reserves to assist with balancing the budget, but that is not where VCE is currently.

Mr. Sears reminded those present that recommendations will be forthcoming to be addressed at the Board’s upcoming meetings on November 15th and/or at its regularly scheduled meeting in December.

Board Member and Staff Announcements

Mr. Sears informed those present that the SACOG grant awards were announced, of which VCE in conjunction with the Cities of Woodland and Davis and Yolo County are identified as a grant recipient. Director Saylor said this was a competitive grant, congratulated those who worked on the application and stated
that this was a great opportunity to do a lot. Chairperson Frerichs thanked VCE staff and the collaboration that occurred.

Announcements The next VCEA Board meeting has been scheduled for Thursday, November 15, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors, 625 Court Street, Room 206, Woodland, CA 95695

Meeting was adjourned at 7:02 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst
MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
NOVEMBER 15, 2018

The Board of Directors of the Valley Clean Energy Alliance duly noticed their Special meeting scheduled for Thursday, November 15, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors Chambers, located at 625 Court Street, Room 206, Woodland, CA 95695. Chairperson Lucas Frerichs established that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present: Lucas Frerichs, Tom Stallard, Dan Carson, Don Saylor, Duane Chamberlain (* departed at 6:10 p.m.), Skip Davies

Board Members Absent: Angel Barajas

Approval of Agenda

Director Chamberlain requested that Item 14 – PCIA on the Regular Agenda be moved to immediately follow the Public Comment period before the Consent Agenda items. Motion made by Director Chamberlain to approve the amended November 15, 2018 Agenda, seconded by Director Carson. Motion passed unanimously with Director Barajas absent.

Public Comment

Chairperson Frerichs opened the floor for public comment. There being no public comment, the floor was closed. Chairperson Frerichs moved to Item 14 – PCIA.

Modifications to VCE’s rate structure, rate discount, and postponement of NEM Customer Enrollment to address CPUC PCIA decision

VCE Interim General Manager Mitch Sears introduced the item through a PowerPoint presentation and started by providing a brief overview of the California Public Utilities Commission’s (CPUC) ruling on the Power Charge Indifference Adjustment (PCIA). VCE Staff Gary Lawson reviewed the key financial impact factors (slide 9); PCIA History/Comparisons (slides 10 - 12); Resource Adequacy (slide 13) load forecast changes by California Energy Commission (CEC) and Forward Power Market Costs (slide 14).

Mr. Sears introduced VCE Staff Lisa Limcaco. Ms. Limcaco reviewed financial obligations (slide 15) in summary: SMUD contract requiring a reserve account; River City Bank (RCB) credit agreement - Line of Credit; and, RCB credit agreement converts to a term loan, a minimum Debt Service Cover Ratio (DSCR) must be met.

Mr. Sears reviewed Staff recommendations of policy modifications (slide 16): adopt a minimum net margin target of 5%; postpone enrollment of NEM customers until at least January 2020 with a reassessment in mid 2019; for 2019, VCE match PG&E generation rates less PCIA fee; and, study adoption of new rate structure featuring an annual dividend rate structure staring in fiscal year end 2020. Please note that the operating cost savings for 2019 have been incorporated into the Board approved budget.
Ms. Limcaco reviewed operating costs savings (slide 17); the impacts of policy modifications on VCE financials (slide 18); and, results of policy modifications from Base Case (slide 19). Directors raised questions about 1) possible loan revisions, 2) meeting VCE’s long term goals, and 3) broader conversation with RCB. Ms. Limcaco stated that she would like to wait until PG&E rates come out before talking about revisions to the loan with RCB. Mr. Sears informed those present that RCB is very experienced in this arena and they are comfortable with our plan and projections. He stated that more detailed conversations are anticipated to occur.

Mr. Lawson reviewed briefly PCIA rates and power costs. Other items that were discussed were: 1) details of scenarios presented, 2) short- and long-term electricity generation costs, 3) potential of PCIA charge going down in the future, 4) the need for future analysis if customer base goes up or down, 5) costs associated with bringing on NEM customers, and 6) load forecasting.

Mr. Lawson commented that it is very difficult to forecast whether PCIA charges will go down. Mr. Sears reiterated that formal talks with RCB are in the works; and, VCE is being proactive and has not used all of the line of credit. A question was asked when would the 3 jurisdictions be paid back their loan amounts to VCE. Ms. Limcaco reminded those present that RCB must be paid back first before the jurisdictions and that the financial forecast shows that they would be paid back in five (5) years instead of three (3) years. Mr. Sears stated that there will be opportunities to address additional issues, such as PG&E load costs being spread across to all, even to those who recently entered into the process.

Director Chamberlain departed at 6:10 p.m.

Mr. Sears reviewed the impact of PCIA change to VCE revenues in 2018 and 2019 (slide 20); the benefits of deferring NEM enrollment and matching PG&E electric generation rates (slide 21); timing of CPUC decision on PG&E electric rates, including PCIA (slide 22); and, reviewed draft outreach strategy (slides 23 and 24).

Chairperson Frerichs opened the floor for public comment.

Ms. Christine Shewmaker introduced herself speaking as an individual resident, not as a CAC Member. Ms. Shewmaker expressed her frustration that bringing on NEM customers has again been postponed a second time. She commented that Senate Bill 2037 – Direct Access, will have an impact during the next few years. In addition, she commented that VCE’s customer outreach will be difficult and will most likely not be received well.

There being no other public comments, Chairperson Frerichs closed the public comment period and opened the floor to the Board.
Director Carson made comments that VCE needs to address the issues as delaying does not help; he supports Staff’s recommendations because of the financial projections are so drastic; he would like to restore some type of discount; long-term planning should be at the top of VCE’s priority list; and, he would like to review in six (6) months what other CCAs are doing as he thinks it will be helpful for the long-term planning.

Director Saylor commented that we should look at bringing back in those people that opted out, educating the residents, and making it well known to the Legislature that VCE is new and will be effected by others’ actions. He also commented that during our Customer outreach efforts we need to keep in mind that reactions will be mixed and some will be confused.

Chairperson Frerichs made a motion to approve Staff’s recommendations, seconded by Director Stallard. After a motion was made and seconded a discussion followed.

Director Stallard commented that it is very disconcerning that the CPUC came to a decision that detrimentally effects CCAs, with ten (10) newly formed CCAs in 2018 - more than half are new. He thanked the CAC for their assistance. He commented that the policy recommendations are good ones; likes the dividend at the end of the year idea; wants to give back to the customers; and, would like to do programs in the future. He also stressed the important of communicating effectively with others on what is going on.

Director Davies commented that he is struggling with postponing NEM customer enrollment. Mr. Sears and Ms. Limcaco reviewed postponing NEM customer enrollment and the impacts to the financials.

Director Carson commented that he would like to persue a 1% dividend rebate and for Staff to look at the numbers in six (6) months to see if this is possible.

Chairperson Frerichs commented that there are additional changes forthcoming, such as in the energy market due to fires and PG&E stock prices going down. He commented that VCE are well served by expertise of SMUD and of the CAC Members. He also commented that VCE will need to continue to monitor and reassess monthly; marketing outreach is huge with all customers; legislative work has to occur with CalCCA and as an individual CCA; and, we need to look at local incentive programs too. The SACOG grant application was a strong because all three (3) agencies came together.

Director Stallard commented that of the SACOG grant award, VCE’s application received ¼ of the total amount which is a huge recognition to our Agency. Director Saylor commented that $40 million was requested in applications and Yolo County received a large portion of the grant award.
To recap, Chairperson Frerichs made a motion to approve Staff’s recommendations as follows:

1. Adopt a minimum VCE net margin (after bank loan principal payments) target of 5%;
2. Postpone enrollment of Net Energy Metering customers until at least January 2020 with a reassessment of enrollment date in mid-2019;
3. For 2019, adopt electric generation rates identical to PG&E, after factoring the Power Charge Indifference Adjustment (PCIA) imposed by regulatory agencies;
4. Study adoption of a new rate structure featuring an annual dividend rebate structure to be implemented starting in July 2019;

Motion was seconded by Director Stallard. Motion passed unanimously by the following vote:

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

Approval of Consent Agenda

Motion made by Director Stallard to approve the Consent Agenda, Items 4-12, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent. Chairperson Frerichs introduced Susan Bierzychudek of Green Ideals, the new VCE customer outreach and marketing services consultant. Ms. Bierzychudek introduced herself, thanked the Board for the opportunity to assist Valley Clean Energy, and asked if the Board had any questions. There being no questions, the Board moved onto Item 13 – SACOG grant.

Approval of Minutes from October 18, 2018 Special Board Meeting

Director Stallard made a motion to approve the October 18, 2018 Special meeting minutes, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Long Range Calendars

Director Stallard made a motion to receive the long-range calendars, which include the remaining months in 2018 and the 2019 calendar year, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Receive Financial Update – September 30, 2018

Director Stallard made a motion to receive Financial Update – September 30, 2018 (unaudited) financial statements with revised comparative information from prior periods and Actual vs. Budget for the quarter ending September 30, 2018,
2018 (unaudited) financial statements seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Regulatory Update Director Stallard made a motion to receive the regulatory monitoring report dated November 7, 2018 from Keyes & Fox, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Customer Enrollment Update Director Stallard made a motion to receive the Customer Enrollment Update dated November 7, 2018, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Community Advisory Committee Meeting Update, Summary of November 1, 2018 Board PCIA Workshop, and First Year Progress Report Director Stallard made a motion to receive the Community Advisory Committee’s (CAC) October 29, 2018 meeting summary; comments on the November 1, 2018 Special Board meeting / Power Charge Indifference Adjustment workshop; and, First Year Progress Report, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Approve Revised Community Advisory Committee Charge / Resolution 2018-029 Director Stallard made a motion to approve a resolution titled “a Resolution of the Valley Clean Energy Alliance approving the Updated Community Advisory Committee Charge”, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Approve Solicitation and Appointment process to the Community Advisory Committee and confirm appointments of current CAC Members / Resolution 2018-030 Director Stallard made a motion to approve a resolution titled “a Resolution of the Valley Clean Energy Alliance approving the solicitation, selection and appointment to the Community Advisory Committee and appoint the current members to terms of service”, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Approval of Marketing and Outreach Vendor and Authorization / VCEA Minutes November 15, 2018 Page 5 of 6
Resolution 2018-031

forth herein”, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Presentation on Collective Grant Application to SACOG for Regional, Community Design, and Green Region funding programs (Informational)

VCE Staff Jim Parks introduced this item. He reviewed the background of the SACOG grant (slide 2) and thanked everyone who assisted in getting this application together with Kerry Loux (City of Davis) really getting this application together. He informed those present that there were numerous applications asking a total of $39.155 million and $11.670 million was recommended for awardship (slide 3). The total amount to be awarded to VCE and its partner Agencies is $2.9 with $380,000 (11.47%) in cost share. Current project activities and grant schedule (slides 5 and 6) were reviewed. Mr. Parks commented that the projects lay the groundwork in Yolo County for future expansion. Chairperson Frerichs asked that Staff have the CAC provide input for their ideas. Director Saylor commented that there are other exciting projects coming from the SACOG grant and that Staff need to be involved in the next few months prior to the award to answer questions. Mr. Sears reiterated that Staff will be asking for CAC’s input when looking at the value that could be brought to VCE.

Board Member and Staff Announcements

Mr. Sears informed those present that Executive Director, Beth Vaughn, of CalCCA visited VCE’s administrative offices and provided a new handout recognizing the energy suppliers, such as CCAs, within the State. Collectively CCAs are strong and there is a future for CCAs in California.

Director Saylor informed those present that he attended a ribbon cutting event at Muir Commons Community in West Davis, a co-housing, multi-family complex, which recently installed charging stations in their parking lot, one for each unit.

Announcements

The next VCEA Board meeting has been scheduled for Thursday, December 13, 2018 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA 95616.

Meeting was adjourned at 7:00 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst
TO: VCEA Board
FROM: Mitch Sears, Interim General Manager
SUBJECT: Long Range Calendars
DATE: December 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

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<th>MEETING DATE</th>
<th>TOPICS</th>
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<td>May 10, 2018</td>
<td><strong>Board WOODLAND</strong></td>
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<td>• Recontracting Master Agreement</td>
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<td>June 4, 2018</td>
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<td>• Integrated Resource Plan</td>
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<td>June 1, 2018 -- LAUNCH</td>
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<td>June 6, 2018</td>
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<td>• Integrated Resource Plan</td>
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<td>July 2, 2018</td>
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<td>• Integrated Resource Plan</td>
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<td>July 12, 2018</td>
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<td>• Integrated Resource Plan</td>
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<td>Sept 13, 2018</td>
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</tr>
<tr>
<td>November 1, 2018</td>
<td>Board</td>
<td>WOODLAND</td>
</tr>
<tr>
<td>Special/Workshop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November 8, 2018</td>
<td>Board</td>
<td>WOODLAND</td>
</tr>
<tr>
<td>November 15, 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Special)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 3, 2018</td>
<td>Advisory Committee</td>
<td>DAVIS</td>
</tr>
<tr>
<td>December 13, 2018</td>
<td>Board</td>
<td>DAVIS</td>
</tr>
</tbody>
</table>
### VALLEY CLEAN ENERGY

#### 2019 Meeting Dates and Topics – Board and Community Advisory Committee

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>TOPICS</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2018</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td>HOLIDAY</td>
<td></td>
</tr>
<tr>
<td>January 10, 2019</td>
<td><strong>Board</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 4, 2019</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>DAVIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 14, 2019</td>
<td><strong>Board</strong></td>
<td>•</td>
</tr>
<tr>
<td>DAVIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 4, 2019</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 14, 2019</td>
<td><strong>Board</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 1, 2019</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>DAVIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 11, 2019</td>
<td><strong>Board</strong></td>
<td>•</td>
</tr>
<tr>
<td>DAVIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 29, 2019</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 9, 2019</td>
<td><strong>Board</strong></td>
<td>•</td>
</tr>
<tr>
<td>WOODLAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 3, 2019</td>
<td><strong>Advisory Committee</strong></td>
<td>•</td>
</tr>
<tr>
<td>DAVIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Group</td>
<td>Notes</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>June 13, 2019</td>
<td>Board DAVIS</td>
<td></td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Advisory Committee WOODLAND</td>
<td></td>
</tr>
<tr>
<td>July 11, 2019</td>
<td>Board WOODLAND</td>
<td></td>
</tr>
<tr>
<td>July 29, 2019</td>
<td>Advisory Committee DAVIS</td>
<td></td>
</tr>
<tr>
<td>August 8, 2019</td>
<td>Board DAVIS</td>
<td></td>
</tr>
<tr>
<td>September 2, 2019</td>
<td>Advisory Committee WOODLAND</td>
<td>Need to reschedule</td>
</tr>
<tr>
<td>September 12, 2019</td>
<td>Board WOODLAND</td>
<td></td>
</tr>
<tr>
<td>September 30, 2019</td>
<td>Advisory Committee DAVIS</td>
<td></td>
</tr>
<tr>
<td>October 10, 2019</td>
<td>Board DAVIS</td>
<td></td>
</tr>
<tr>
<td>November 4, 2019</td>
<td>Advisory Committee WOODLAND</td>
<td>Need to find different location to meet</td>
</tr>
<tr>
<td>November 14, 2019</td>
<td>Board WOODLAND</td>
<td></td>
</tr>
<tr>
<td>December 2, 2019</td>
<td>Advisory Committee DAVIS</td>
<td></td>
</tr>
<tr>
<td>December 12, 2019</td>
<td>Board DAVIS</td>
<td></td>
</tr>
</tbody>
</table>
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 – October 31, 2018 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2018

DATE: December 13, 2018

RECOMMENDATION:
Accept the Financial Statements (unaudited) for the period of October 1, 2018 to October 31, 2018 (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2018.

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

The Financial Statements include the following reports:
- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending October 31, 2018.

Financial Statements for the period October 1, 2018 – October 31, 2018
In the Statement of Net Position, VCEA as of October 31, 2018 has a total of $4,693,112 in its checking, money market and lockbox accounts, $1,100,000 restricted cash for the Debt Service Reserve account and $265,229 restricted cash for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and SMUD and owes as of October 31, 2018 $642,509 and $1,718,992 respectively for a grand total of $2,361,501. VCEA will begin paying SMUD for the monthly operating expenditures (starting with October 2018 expenditures) and repayment of the deferred amount of
$1,512,360 over a 24-month period. The outstanding line of credit balance with River City Bank at October 31, 2018 totaled $2,976,610. At October 31, 2018, VCE’s net position is $2,286,483.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $4,742,626 of revenue (net of allowance for doubtful accounts) of which $4,870,659 was billed in October and ($137,134) represent estimated unbilled revenue (net September and October). The cost of the electricity for the October revenue totaled $3,074,183. For October, VCEA’s gross margin is approximately 35.18% and operating income totaled $1,363,656.

In the Statement of Cash Flows, VCEA cash flows from operations was $2,256,068 due to the cash receipts of revenues from the summer months and the lower payment of September purchased electricity. The September purchased electricity (paid in October) was paid with cash from operations. VCE used the cash from operations to make a $1,000,000 principal payment on the line of credit in early November.

### Actual vs. Budget Variances for the year to date ending October 31, 2018

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

**Electric revenues** - ($1,191,953) and (5%)- actual electric revenues are down from budget due to the mild summer weather which led to lower retail customer usage than forecasted load and the deferral of NEM customers until 2019.

**Salaries & Wages/Benefits** – ($139,090) and (56%) – the decrease is due to the budgeted Assistant general manager (AGM) position has not been filled. Beginning September 2018, SMUD’s Task Order 4 was amended to have SMUD provide proxy AGM services which is included in Contract Labor.

**CalCCA dues** - $33,373 and 100% - the increase is due to CalCCA billing on a quarterly basis, but our budget has it as a one-time annual expense in January 2019.

**Legislative/Regulatory** – ($33,775) and (42%) – the decrease is due to no legislative expenditures incurred year-to-date.

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

**Marketing Collateral** – ($43,014) and (100%) – the decrease is due to the selection of a new marketing firm made in November and will begin in December 2018.

**PG&E Data Fees** – ($44,051) and (34%) – due to timing of the billing from PG&E and the deferral of the NEM customers that were included in the budget.
Contingency – ($163,463) and (100%) – due to the inclusion of 10% of operating expenses for contingency in the VCE budget.

Interest on RCB loan – ($104,306) and (37%) – due to lower outstanding Line of credit balance than originally budgeted.

Attachments:
1) Financial Statements (Unaudited) October 1, 2018 to October 31, 2018 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending October 31, 2018
VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

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

(WITH COMPARATIVE YEAR TO DATE INFORMATION)

PREPARED ON NOVEMBER 29, 2018
ASSETS
Current assets:
- Cash with fiscal agent $4,693,112
- Accounts receivable, net of allowance 4,699,169
- Accrued revenue 2,387,297
- Prepaid expenses 20,828
- Inventory - Renewable Energy Credits 730,028
- Other current assets and deposits 2,540

Total current assets 12,532,974

Noncurrent assets:
- Restricted cash 1,365,229
- Other noncurrent assets and deposits 600,000

Total noncurrent assets 1,965,229

TOTAL ASSETS $14,498,203

LIABILITIES
Current liabilities:
- Accounts payable $57,964
- Accrued payroll 2,432
- Interest payable 92,672
- Due to member agencies 642,509
- Accrued cost of electricity 5,133,182
- Other accrued liabilities 1,718,992
- User taxes and energy surcharges 87,360

Total current liabilities 7,735,111

Noncurrent liabilities:
- Line of credit 2,976,610
- Loans from member agencies 1,500,000

Total noncurrent liabilities 4,476,610

TOTAL LIABILITIES $12,211,721

NET POSITION
Net position:
- Restricted
  - Local Programs Reserve $37,103
- Unrestricted 2,249,380

TOTAL NET POSITION $2,286,483
## Statement of Revenues, Expenditures and Changes in Net Position

For the Period of October 1 to October 31, 2018

(With Comparative Year To Date Information)

(UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>For the Period Ending October 31, 2018</th>
<th>Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity sales, net</td>
<td>$4,742,626</td>
<td>$22,693,393</td>
</tr>
<tr>
<td>Other revenue</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$4,742,626</td>
<td>$22,693,393</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of electricity</td>
<td>3,074,183</td>
<td>17,625,634</td>
</tr>
<tr>
<td>Contract services</td>
<td>194,126</td>
<td>925,667</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>79,793</td>
<td>222,277</td>
</tr>
<tr>
<td>General, administration, and other</td>
<td>30,868</td>
<td>132,320</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>3,378,970</td>
<td>18,905,898</td>
</tr>
<tr>
<td><strong>Total Operating Income (Loss)</strong></td>
<td>1,363,656</td>
<td>3,787,496</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>970</td>
<td>970</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>(11,443)</td>
<td>(78,129)</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues (Expenses)</strong></td>
<td>(10,473)</td>
<td>(77,159)</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position at beginning of period</td>
<td>933,300</td>
<td>(1,423,853)</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td>$2,286,483</td>
<td>$2,286,483</td>
</tr>
</tbody>
</table>
### VALLEY CLEAN ENERGY ALLIANCE

**STATEMENTS OF CASH FLOWS**

**FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2018**

(WITH COMPARATIVE YEAR TO DATE INFORMATION)

(UNAUDITED)

<table>
<thead>
<tr>
<th>FOR THE PERIOD ENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCTOBER 31, 2018</td>
</tr>
<tr>
<td>YEAR TO DATE</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2018</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from electricity sales</td>
<td>$5,797,861</td>
<td>$18,514,446</td>
</tr>
<tr>
<td>Payments for security deposits with energy suppliers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments to purchase electricity</td>
<td>(3,486,211)</td>
<td>(15,459,832)</td>
</tr>
<tr>
<td>Payments for contract services, general, and administration</td>
<td>23,762</td>
<td>(168,759)</td>
</tr>
<tr>
<td>Payments for member agency services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>(79,344)</td>
<td>(221,469)</td>
</tr>
<tr>
<td>Other cash payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>2,256,068</strong></td>
<td><strong>2,664,386</strong></td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2018</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans from member agencies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Draw of line of credit</td>
<td>-</td>
<td>4,376,610</td>
</tr>
<tr>
<td>Transfer to restricted cash</td>
<td>(63,786)</td>
<td>(265,229)</td>
</tr>
<tr>
<td>Principal payments of Line of Credit to bank</td>
<td>-</td>
<td>(3,000,000)</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>(22,818)</td>
<td>(47,013)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by non-capital financing activities</strong></td>
<td><strong>(86,604)</strong></td>
<td><strong>1,064,368</strong></td>
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#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2018</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>970</td>
<td>970</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td><strong>970</strong></td>
<td><strong>970</strong></td>
</tr>
</tbody>
</table>

#### NET CHANGE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>2,522,678</td>
<td>963,388</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td><strong>$4,693,112</strong></td>
<td><strong>$4,693,112</strong></td>
</tr>
</tbody>
</table>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2018</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income (Loss)</td>
<td>$1,363,656</td>
<td>$3,787,495</td>
</tr>
<tr>
<td>(Increase) decrease in net accounts receivable</td>
<td>902,123</td>
<td>(4,693,498)</td>
</tr>
<tr>
<td>(Increase) decrease in accrued revenue</td>
<td>137,912</td>
<td>437,193</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(14,873)</td>
<td>(20,828)</td>
</tr>
<tr>
<td>(Increase) decrease in inventory - renewable energy credits</td>
<td>228,446</td>
<td>(293,441)</td>
</tr>
<tr>
<td>(Increase) decrease in other assets and deposits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>15,420</td>
<td>(79,511)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued payroll</td>
<td>449</td>
<td>808</td>
</tr>
<tr>
<td>Increase (decrease) in due to member agencies</td>
<td>41,578</td>
<td>107,870</td>
</tr>
<tr>
<td>Increase (decrease) in accrued cost of electricity</td>
<td>(640,475)</td>
<td>2,459,243</td>
</tr>
<tr>
<td>Increase (decrease) in other accrued liabilities</td>
<td>206,632</td>
<td>881,698</td>
</tr>
<tr>
<td>Increase (decrease) in user taxes and energy surcharges</td>
<td>15,200</td>
<td>77,358</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>$2,256,068</strong></td>
<td><strong>$2,664,386</strong></td>
</tr>
<tr>
<td>Description</td>
<td>FY2019 Actuals</td>
<td>FY2019 Budget</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Electric Revenue</td>
<td>$22,693,393</td>
<td>$23,885,346</td>
</tr>
<tr>
<td>Interest Revenues</td>
<td>970</td>
<td>20,623</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>17,625,634</td>
<td>18,400,455</td>
</tr>
<tr>
<td>Labor &amp; Benefits</td>
<td>322,046</td>
<td>463,288</td>
</tr>
<tr>
<td>Salaries &amp; Wages/Benefits</td>
<td>109,198</td>
<td>248,828</td>
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<tr>
<td>Contract Labor</td>
<td>212,847</td>
<td>215,000</td>
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<tr>
<td>Office Supplies &amp; Other Expenses</td>
<td>38,077</td>
<td>19,550</td>
</tr>
<tr>
<td>Technology Costs</td>
<td>2,410</td>
<td>5,000</td>
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<tr>
<td>Office Supplies</td>
<td>557</td>
<td>400</td>
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<tr>
<td>Travel</td>
<td>1,737</td>
<td>10,150</td>
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<tr>
<td>CalCCA Dues</td>
<td>33,373</td>
<td>-</td>
</tr>
<tr>
<td>Memberships</td>
<td>-</td>
<td>4,000</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>826,105</td>
<td>967,136</td>
</tr>
<tr>
<td>LEAN Energy</td>
<td>4,336</td>
<td>12,000</td>
</tr>
<tr>
<td>Don Dame</td>
<td>1,983</td>
<td>3,000</td>
</tr>
<tr>
<td>SMUD - Credit Support</td>
<td>228,366</td>
<td>248,494</td>
</tr>
<tr>
<td>SMUD - Wholesale Energy Services</td>
<td>204,720</td>
<td>188,000</td>
</tr>
<tr>
<td>SMUD - Call Center</td>
<td>235,765</td>
<td>258,084</td>
</tr>
<tr>
<td>CirclePoint</td>
<td>51,595</td>
<td>72,801</td>
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<tr>
<td>Legal</td>
<td>22,397</td>
<td>14,210</td>
</tr>
<tr>
<td>Legislative/Regulatory</td>
<td>46,225</td>
<td>80,000</td>
</tr>
<tr>
<td>Accounting Services</td>
<td>5,064</td>
<td>25,000</td>
</tr>
<tr>
<td>Human Resources &amp; Payroll</td>
<td>7,644</td>
<td>4,026</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>18,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Banking Fees</td>
<td>10</td>
<td>1,520</td>
</tr>
<tr>
<td>Rents &amp; Leases</td>
<td>5,597</td>
<td>5,600</td>
</tr>
<tr>
<td>Hunt Boyer Mansion</td>
<td>5,597</td>
<td>5,600</td>
</tr>
<tr>
<td>Future Office Space</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other A&amp;G</td>
<td>85,141</td>
<td>177,056</td>
</tr>
<tr>
<td>Marketing Collateral</td>
<td>-</td>
<td>43,014</td>
</tr>
<tr>
<td>PG&amp;E Data Fees</td>
<td>84,991</td>
<td>129,042</td>
</tr>
<tr>
<td>Community Engagement Activities &amp; Sponsorships</td>
<td>150</td>
<td>4,000</td>
</tr>
<tr>
<td>Green-e Certification</td>
<td>-</td>
<td>1,000</td>
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<tr>
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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report

Date: December 13, 2018

**RECOMMENDATION**: Receive regulatory monitoring report.

**Regulatory Priorities**

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

- **Proposed Decision (PD) on Track 2 Resource Adequacy (RA) Issues.** The PD designates distribution utilities as the central procurement entity for Local RA. Under the PD, a competitive solicitation process would be conducted by the central buyers for three-year local RA procurement, with bids selected based on a least-cost, best-fit methodology and cost recovery of procurement and administrative costs through the Cost Allocation Mechanism.

- **Applications for Rehearing of the PCIA Decision and Launch of Phase Two of the Proceeding.** A number of parties including Peninsula Clean Energy, Marin Clean Energy and Sonoma Clean Power (collectively) and CalCCA, Clean Power SF, and Solana Energy Authority (collectively) submitted Applications for Rehearing of the CPUC’s October 2018 PCIA Decision. In addition, the judge issued a Ruling scheduling a prehearing conference to initiate the working group process as part of the second phase in this proceeding.

- **PD on Tree Mortality Non-Bypassable Charge.** The CPUC issued a PD that would establish a methodology for calculating a non-bypassable charge that will collect revenue through the Public Purpose Program Charge to pay for certain biomass energy procurement by utilities including PG&E.

- **PG&E’s 2019 Rate Design Window Application.** PG&E filed a rate design window (RDW) Application seeking approval of several proposed modifications to its rates for agricultural customers.

**Attachment:** Keyes & Fox December 5, 2018 Regulatory Memorandum
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:

- PCIA Rulemaking
- PG&E’s 2019 Energy Resource and Recovery Account (ERRA) Forecast
- Resource Adequacy (RA)
- CCA Reentry Fees & Financial Security Requirements
- Renewables Portfolio Standard (RPS) Rulemaking
- Integrated Resource Plans
- Tree Mortality Nonbypassable Charge (NBC)
- PG&E Rate Design Window (RDW)
- Other Regulatory Developments

PCIA Rulemaking

On November 19, 2018 CalCCA, Clean Power SF, and Solana Energy Authority (collectively); Shell Energy; Protect our Communities Foundation; Direct Access Consumer Coalition and California Large Energy Consumers Association (collectively); and Peninsula Clean Energy, Marin Clean Energy and Sonoma Clean Power (collectively) submitted separate Applications for Rehearing of D.18-10-019 (i.e., the PCIA Track 2 Decision adopting Commissioner Peterman’s Alternate Proposed Decision). The utilities’ and other parties’ responses to the Applications for Rehearing were filed on December 4, 2018. On November 29, 2018, the judge issued a Ruling scheduling a prehearing conference (PHC) to initiate the working group process as part of the second phase in this proceeding.

- **Background**: The first phase of this proceeding had two tracks. **Track 1** addressed 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** addressed alternatives to the current PCIA methodology.
Currently, the CPUC is considering Applications for Rehearing of its Track 2 Decision and has opened a second phase of this proceeding to address additional PCIA issues.

- **Details:** The ALJ Ruling initiates the second phase of this proceeding beginning with a PHC scheduled for December 19. Working groups will be established to address the following issues: (1) benchmark true-up related to resource adequacy and the RPS, (2) prepayment, (3) portfolio optimization and cost reduction, and (4) allocation and auction. The PHC will help determine the final number of working groups to be used, the governance of these working groups, schedules and timelines, and other procedural matters.

Separately, a number of parties have filed Applications for Rehearing of the CPUC’s Track 2 Decision on the PCIA.

Earlier in November, the judge denied a request to pause the implementation of a Track 1 Decision affecting SCE and SDG&E PCIA exemption issues, which do not directly impact PG&E or VCE customers.

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

The PCIA Track 2 Decision, D.18-10-019, will result in a higher PCIA for VCE’s customers. The revised PCIA methodology will be used to calculate the PCIA that was intended to take effect on January 1, 2019 but now will likely be delayed until March 1, 2019 (see the ERRA proceeding below). In addition, D.18-10-019 creates 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 CPUC will grant or deny rehearing by December 10, 2018. The PHC for the second phase of this proceeding is scheduled for December 19, 2018, with PHC statements due December 12. A new reporting requirement established in the Decision requires VCE to file specific contract information with the Energy Division by January 31, 2019.

- **Additional Information:** ALJ Ruling scheduling prehearing conference (November 29, 2018); Applications for Rehearing of D.18-10-019: PCE, SCP, and MCE, Shell Energy North America, CalCCA, California Large Energy Consumers Association, Protect Our Communities Foundation and Utility Consumers’ Action Network (November 19, 2018); E-Mail Ruling denying joint motion to stay D.18-07-009 (November 8, 2018); D.18-10-019 Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); D.18-09-013 Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); 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.

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**PG&E’s 2019 Energy Resource and Recovery Account Forecast**

On November 7, 2018, PG&E filed its November Update, which includes PG&E’s updated PCIA rates for 2019 that will apply to VCE customers. On November 19, 2018, parties filed comments on PG&E’s November Update. The ERRA proceeding implemented the D.18-10-019 and other changes to the PCIA. The Commission will not be issuing a decision in the ERRA on December 13, 2018 (its last Business Meeting of the year), meaning the new PCIA rates are unlikely to go into effect until at least March 1, 2019.

- **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.

- **Details:** In its November Update, PG&E is requesting a 2019 total revenue requirement of $2.929 billion, comprised of $1.554 billion related to its ERRA, plus three nonbypassable charges: the ongoing Competition Transition Charge (CTC), $80.3 million; the PCIA, $1.164 billion; and the
Cost Allocation Mechanism, $131.1 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 $324.5 million. PG&E’s forecasted 2019 revenue requirement for the PCIA is 84.1% higher than its approved 2018 revenue requirement, whereas the CTC and CAM revenue requirements decreased by 3.3% and 7.5%, respectively. The proposed 2019 average generation rates for bundled residential customers is $0.09180/kWh. The proposed 2019 PCIA rates for 2018 and 2019 vintaged residential customers is $0.03282/kWh.

- **Analysis**: This proceeding will implement the October Track 2 Decision from the PCIA docket and establish the amount of the PCIA for VCE’s 2019 rates and the level of PG&E’s generation rates for bundled customers.

- **Next Steps**: A proposed decision (PD) is expected to be issued soon. Comments on the PD will be due within 10 days of the PD, with reply comments due five days thereafter. The PD will not be issue in time for the Commission’s December 13, 2018 meeting, its last meeting of the year. The next meeting is January 10, 2019.

- **Additional Information**: PG&E November Update with proposed PCIA rates on page 60 (November 9, 2018); Joint NorCal CCA Motion (October 24, 2018); 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)

On November 21, 2018, the judges issued a Proposed Decision (PD) on Track 2 RA issues.

- **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. The proceeding is currently in **Track 2**, which is considering issues like 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. A future **Track 3** will address issues including 2020 RA requirements, potential revisions to RA counting rules for weather-sensitive and local demand response resources, and other issues that arise.

- **Details**: The PD designates distribution utilities as the central procurement entity for Local RA for their respective distribution service areas and adopts requirements for implementing a multi-year **Local RA procurement process** beginning for the 2020 compliance year. (Load-serving entities (LSEs) like VCE would continue to procure RA to meet their System and Flexible requirements.) The PD also adopts a full procurement model in which the central buyers procure for local resources within their service areas rather than a residual procurement model that would have allowed LSEs to procure local resources based on their preferences.

A competitive solicitation process will be conducted by the central buyers for three-year local RA procurement, with bids selected based on a least-cost, best-fit methodology. The PD rejects PG&E and SDG&E’s proposals to expand the Cost Allocation Mechanism (CAM) to include certain utility-owned resources, instead requiring the investor-owned utilities to bid their own resources into the solicitation process at their levelized fixed costs. The PD adopts the CAM cost recovery mechanism for procurement and administrative costs incurred by the central buyers.

Finally, the PD directs Energy Division to post a summary list of the resources listed on each LSE’s monthly RA plans for the previous year, including the scheduling resource ID, scheduling coordinator ID or counterparty, zonal location, and local area.

- **Analysis**: If adopted by the CPUC, the PD would affect VCE’s RA compliance obligations beginning in 2020 and result in a new RA procurement framework in California that would impact VCE’s ability to procure Local RA capacity on its own behalf. Costs would be recovered by the
IOUs through the CAM charge. The PD would also result in increased transparency about which resources each LSE has used to meet its RA obligations in the previous year.

**Next Steps**: Comments are due December 11 and reply comments are due December 16. The PD may be heard, at the earliest, at the CPUC’s January 10, 2019 Business Meeting. The proceeding will remain open thereafter for Track 3, at which time RA issues not addressed or only partially addressed in the decision may be considered.

**Additional Information**: Track 2 Proposed Decision (November 2018); 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

On November 13, 2018, PG&E filed Advice Letter (5423-E), updating its calculation of the financial security requirements for CCAs. (Each CCA’s specific financial security requirement is confidential.)

**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. Utilities are required to update the applicable financial security requirements via a Tier 2 AL in May and November each year.

**Details**: PG&E previously submitted three ALs implementing the CPUC’s decision on CCA financial security requirements (FSR), including one establishing VCE’s FSR, which was subsequently updated via a fourth AL:

- **AL 5423-E** (Tier 2, pending) provides an update on specific CCA financial security requirements that were previously provided in AL 5350-E (see below).
- **AL 5354-E-A** (Tier 2, pending) proposes revisions to electric Rule 23 Community Choice Aggregator Service to incorporate the reentry fees and FSRs.
- **AL 5350-E** (Tier 2, effective September 13, 2018), specifies VCE’s and other CCAs’ FSRs, which are redacted in the Public version. Going forward, PG&E will update the FSR amounts biannually (on May 10 and November 10 each year).
- **AL 5359-E** (Tier 1, effective pending final disposition) 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.

**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. CCAs including VCE are required to file an AL noting their FSR has been updated.

**Next Steps**: Protests were due on December 3, 2018. CCAs will be required to submit a compliance Tier 1 AL to the Energy Division within 30 days of approval of the ALs, providing notice of compliance with the FSR and requesting return of any interim financial security posted with the CPUC.

**Additional Information**: AL 5423-E providing updated CCA FSRs (November 13, 2018); AL 5354-E-A revising electric Rule 23 (October 2, 2018); AL 5359-E describing reentry fee (August...
Renewables Portfolio Standard (RPS) Rulemaking

On November 2, 2018, PG&E issued Advice Letter (AL) 5422-E seeking approval of 10 RPS-related transactions. On November 8, 2018, the CPUC issued a Decision implementing AB 1923 regarding interconnection rules under the Bioenergy feed-in tariff program. On November 9, 2018, the judge issued a Scoping Ruling.

- **Background:** On July 12, 2018, the CPUC adopted an Order Instituting Rulemaking (OIR) establishing a new proceeding addressing RPS-related issues, R.18-07-003. LSEs originally filed their RPS Procurement Plans on August 20, 2018. Comments were filed on September 21, 2018 and reply comments were filed on October 5, 2018. In R.15-02-020, ALJ Mason requested updates to the RPS Procurement Plans to address procurement of resources in compliance with SB 100, which increased California’s RPS target to 60% by 2030 and accelerated interim compliance period targets. These updated plans, including VCE’s, were filed on October 8, 2018. No parties filed comments on the October 8 (post-SB 100) RPS procurement plans.

- **Details:** In AL 5422-E, PG&E requests CPUC approval of 10 RPS transactions, comprised of one transaction resulting from PG&E’s bilateral negotiations with San Jose Clean Energy and nine transactions resulting from PG&E’s September 2018 RPS Bundled Energy Sale Solicitation. These short-term transactions are for the sale of bundled energy and associated Renewable Energy Credits generated in 2019-2020 and provided from a number of operating solar PV, solar thermal, wind, biomass and geothermal facilities located within California.

The scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding. The issues to be addressed are threefold: (1) implementing existing and new statutory requirements that are mandated or may be mandated during the course of this proceeding; (2) continuing and completing specific tasks identified in R.15-02-020 (the now-closed previous RPS docket), but not completed prior to the issuance of this new Order Instituting Rulemaking (OIR); and (3) continuing, monitoring, reviewing, and improving elements of the RPS program that have previously been put in place, including identifying additional program elements that could be developed.

The CPUC’s Decision implements changes to interconnection rules for California’s Bioenergy Market Adjusting Tariff (BioMAT) program in accordance with Assembly Bill 1923.

- **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. Potential issues to be addressed that could impact VCE include, but are not limited to, implementing SB 100 (i.e., increasing the RPS to 60% by 2030 and 100% clean energy by 2045), reviewing and revising RPS penalty rules and confidentiality rules, and potentially increasing the RPS procurement percentage for later compliance periods.

- **Next Steps:** Protests of AL 5422-E were due November 22, 2018, and the AL is effective pending final disposition. A Proposed Decision on 2018 RPS Procurement Plans is expected to be issued in December. A Ruling on 2019 RPS Procurement Plans is expected in Q2 2019. A Proposed Decision on ELCC, time of delivery factors, and project viability is expected sometime in 2019.

- **Additional Information:** Scoping Ruling (November 9, 2018); D.18-11-004 on interconnection rules in the BioMAT program per AB 1923 (November 8, 2018); AL-5422 on PG&E RPS transactions (November 2, 2018); Ruling on revised RPS Procurement Plans (September 19, 2018); Order Instituting Rulemaking (July 23, 2018); R.03-10-003.
Integrated Resource Planning (IRP)

In November, three Rulings were issued in this proceeding: (1) a November 29, 2018 Ruling seeking comments on inputs and assumptions for development of the 2019-2020 Reference System Plan; (2) a November 16, 2018 Ruling seeking comment on policy issues and options related to reliability and overlap with the Resource Adequacy docket; and (3) a November 15, 2018 Ruling finalizing production cost modeling approach and schedule for preferred system plan development.

• **Background:** In February 2018, the CPUC established the 2017-2018 IRP filing requirements and statewide reference system plan. VCE submitted its IRP on August 1, 2018. Its next IRP filing is due May 1, 2020.

**Details:** The November 29, 2018 Ruling requests comments on the modeling inputs and assumptions to be used in the development of the Reference System Plan (RSP) for the 2019-2020 cycle of the Integrated Resource Planning (IRP) process, and contains two attachments with the proposed inputs and assumptions.

The November 16, 2018 Ruling requests comments about how to address emerging electricity market issues in the near-to-medium term that may affect overall electric system reliability. This Ruling addresses overlapping issues in the Resource Adequacy proceeding.

The November 15, 2018 Ruling finalizes the production cost modeling approach that CPUC Staff will use to analyze electricity resource portfolios, leading to a recommendation for a preferred system plan (PSP) for the first cycle of the IRP process. The Ruling also specifies the timeline for the modeling and analysis, leading to the PSP, as well as opportunities for comments and input.

• **Analysis:** The proceeding is now focused on addressing issues that will be relevant to VCE’s 2020 IRP filing. The November 16, 2018 Ruling is likely to address issues relating to the growth of CCAs and related reliability issues. Based on LSE IRP submissions, the CPUC will now be aggregating data to inform development of the recommended Preferred System Plan described in Decision (D.) 18-02-018.

• **Next Steps:** Comments on the 2019-2020 Reference System Plan inputs (in response to the November 29, 2018 Ruling) are due December 12, 2018, with reply comments due December 19, 2018. Comments on reliability issues (in response to the November 16, 2018 Ruling) are due December 20, 2018, with reply comments due January 14, 2019. Finally, parties conducting modeling are directed to informally submit results to Staff by January 3, 2019, with a workshop on production cost modeling scheduled for January 7, 2019, a Ruling seeking comments issued on January 11, 2019, comments in response to the Ruling due January 31, 2019, reply comments due February 11, 2019, and a proposed decision issued in March 2019.

• **Additional Information:** Ruling seeking comments on 2019-2020 Reference System Plan (November 29, 2018); Ruling seeking comments on reliability issues (November 16, 2018); Finalizing production cost modeling approach and schedule (November 15, 2018); Staff Proposal for incorporating energy efficiency into the IRP process (September 18, 2018); 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)

On November 8, 2018, the CPUC issued a Proposed Decision (PD) establishing a methodology for calculating a non-bypassable charge that will collect revenue to pay for certain biomass energy procurement by utilities including PG&E.

• **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 defined 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 PD establishes that the non-bypassable charge will recover the net costs to the utilities of the tree mortality-related biomass energy procurement, i.e., excluding revenue received by the utilities through sales of energy and ancillary services and the value of Renewable Energy Certificates related to the procurement. The non-bypassable charge will be collected through each utility’s Public Purpose Program Charge.

- **Analysis**: If adopted, the PD will result in additional costs being recovered through the Public Purpose Program Charge from CCA and bundled customers.

- **Next Steps**: Comments on the PD were due November 28, 2018, and reply comments were due December 3, 2018. The PD may be heard, at the earliest, at the CPUC’s December 13, 2018, Business Meeting.

- **Additional Information**: Proposed Decision (November 8, 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 November 7, 2018, the judges filed a Proposed Decision (PD) in Phase IIA of the proceeding, primarily addressing SDG&E’s residential default time-of-use rate design proposal and transition implementation.

- **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 IIIB 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 PD resolves Phase IIA issues. It primarily addresses SDG&E’s proposed default TOU rate and plan to transition customers. However, the PD also adopts proposals from PG&E and SCE to transition their discounted programs (CARE for PG&E and CARE and Family Electric Rate Assistance for SCE) to provide a percentage-based bill discount in place of the current practice of establishing separate tariffs with discounted rates for these customers. PG&E’s and SCE’s additional rate design proposals and implementation issues related to their transitions to default TOU rates, which are set to begin in October 2020, will be considered in a subsequent phase of this proceeding.

The PD adopts SDG&E’s proposed default TOU rate – a three-period tiered TOU rate (peak, off-peak, super off-peak) – and a proposed separate tiered two-period TOU rate (peak, off-peak) as an alternative to the default TOU rate. The three-period TOU rate would have a 4-9 p.m. on-peak period for all days of the year, a super off-peak period of midnight-2 p.m. on weekends and holidays, and a weekday super off-peak period of midnight - 6 a.m. with an added super off-peak
Other Regulatory Developments

- **PG&E 2019 Rate Design Window (RDW) Application.** On November 20, 2018, PG&E filed a rate design window (RDW) Application seeking approval of several proposed modifications to its rates for agricultural customers (A.18-11-018). PG&E does not propose any rate design modifications for any other customer classes. The Application was noticed in the November 21, 2018, CPUC Daily Calendar, placing the deadline for responses or protests on December 21, 2018. The filing stems from PG&E’s recently completed Phase 2 rate case, where a new set of default rates (AG-A, AG-B, and AG-C) and opt-in rates (AG-RA, AG-RB, and AG-RC) were adopted to replace the legacy set of agricultural rate schedules. The associated settlement required to PG&E to file a 2019 RDW proposal seeking bill mitigation measures for "highly impacted" customers, defined as those that would see bill increases over 7% and $100 per year. PG&E states that these new rates would replace all of the rates adopted in the 2017 GRC and consequently requests a decision on the RDW Application by April 2019 in order to implement the rates by March 2020, and avoid customer confusion (i.e., by adopting the 2017 GRC rates only to have them replaced soon thereafter).

- **PG&E 2018 Energy Storage Procurement.** On November 9, 2018, the CPUC issued Final Resolution E-4949 accepting PG&E’s June Advice Letter (AL 5322-E) seeking approval of contracts for energy storage facilities totaling 567.5 MW resulting from an RFO it issued in response to CPUC Resolution E-4909. Resolution E-4949 was adopted in a 4-1 vote with Commissioner Rechtschaffen dissenting. Resolution E-4909 stems from the potential designation of three Calpine power plants as reliability must run (RMR) resources by the CAISO (allowing full cost-based cost recovery rather than market-based pricing). The RFO was intended to fulfill the local capacity needs underlying the RMR designations so as to avoid the need for the RMR contracts and mitigate concerns that plant retirements coupled with increased local capacity needs would create conditions for a future exercise of market power. The Final Resolution rejects a series of party protests contesting the cost-effectiveness of the proposed contracts relative to other options and the reasonableness of allowing PG&E to recover the associated costs from all ratepayers rather than just bundled ratepayers.

- **PG&E Diablo Canyon.** On November 19, 2018, the CPUC issued a Revised Proposed Decision (PD) implementing SB 1090 (2018) and modifying its January 2018 Decision (D.18-01-022) addressing planning for the retirement of the Diablo Canyon nuclear power plant and associated...
funding for employee retention and community impact mitigation programs (A.16-08-006). The PD authorizes PG&E to collect an additional $225.8 million in rates over the amounts authorized in D.18-01-022 for PG&E’s employee retention and community mitigation measures associated with the plant closure. The change stems from SB 1090 (2018), which requires the CPUC to fully fund the employee retention program as proposed by PG&E in its initial application, and the community impact mitigation program (CIMP) included in the initially proposed settlement. D.18-01-006 did not permit the utility to recover CIMP costs totaling $85 million, and cut the amount of cost recovery for the employee retention program by $141 million from PG&E’s original request. In contrast to the original PD, the revised PD provides that CIMP costs may be recovered through the nuclear decommissioning non-bypassable charge rather than base rates.

- **PG&E Commercial Electric Vehicle (EV) Rates.** On November 5, 2018, PG&E filed an Application proposing to create a new Commercial EV Charging rate class, which would include two new rate schedules (A.18-11-003). These EV schedules would feature two components, a monthly “subscription charge,” based on the customer’s maximum charging capacity, and a time-of-use volumetric rate, designed to encourage customers to charge at times of greater grid capacity and renewable generation, and lower marginal cost. Specifically, PG&E proposes a new rate, E-CEV-S, for small commercial EV (CEV) chargers. It applies to separately-metered EV charging sites with a maximum load of 100 kW. PG&E also proposes a new rate, E-CEV-L, for Large CEV charging.

- **DER Tariff Proposals.** On November 16, 2018, the CPUC issued a Ruling requesting DER tariff proposals by February 15, 2019. The DER tariff proposals are intended to provide an alternative mechanism to competitive RFOs for utilities to procure DERs to provide grid services. The request follows the addition of DER tariffs to the scope of this proceeding in a February 2018 Amended Scoping Ruling, which was followed by a workshop in August 2018. The Ruling contains a report listing responses from workshop attendees to seven questions, which include proposed definitions and design principles. A follow-up workshop on party proposals will be scheduled at a later date (R.14-10-003).
VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 8

TO: Valley Clean Energy Alliance Board of Directors
FROM: Mitch Sears, Interim General Manager, VCEA
SUBJECT: Customer Enrollment Update (Information)
DATE: December 13, 2018

RECOMMENDATION

Receive and review the attached Customer Enrollment update as of December 7, 2018.
Enrollment Update

Status Date: 12/7/18

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Daily Opt Outs

Opt Outs:
- Unicorp. Yolo: 29%
- Davis: 22%
- Woodland: 49%

Opt Ups:
- Unicorp. Yolo: 5%
- Woodland: 17%
- Davis: 78%

Status Date: 12/7/18
VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Transmittal of Community Advisory Committee Report – December 3, 2018 meeting

DATE: December 13, 2018

This report transmits the Community Advisory Committee’s Report regarding its December 3, 2018 meeting.

Attachment
1. CAC Report
Valley Clean Energy Alliance  
Community Advisory Committee (CAC) Report to the Board  
Summary of December 3rd CAC Meeting

- **Resumption of 2019 PCC-2 Renewable Procurements**
  - G. Lawson provided updates regarding the CEC process to develop new rules regarding Power Source Disclosure/Power Content Label (PSD/PCL) requirements. Decisions regarding the new rules will not take place until sometime in 2019.
  - Newly formed CCAs can avoid reporting carbon emissions for 24-36 months after launch.
  - **Motion:** to support Staff’s recommend to Board to resume procurement of PCC-2 for 2019. **Motion passed: 5-0-0.**

- **Review of VCE Board Approved Modifications**
  - M. Sears reviewed the Board decisions made at November 15th meeting regarding modifications to rate structure, rate discount, and postponement of NEM enrollment.
  - Discussed possibility of CAC assisting in the evaluation of NEM enrollment options.

- **CAC Year 2 Plan and Priorities**
  - Discussed general thoughts and plans for CAC role and priorities in 2019. Along with responding to Staff requests for input on options Staff is evaluating prior to making recommendations to the board, the CAC wants to focus on longer term local resource development issues, options and plans.
  - Member suggested priorities for coming year:
    i. Alignment of JPA members. How can VCEA support the three jurisdictions in their energy efficiency efforts?
    ii. Balancing efforts on new initiatives with action to address financial constraints.
    iii. Review local resource related IRP items and have small groups of CAC members research an item and bring information back to entire CAC with recommendations.
    iv. Focus on public discourse regarding the need and urgency to address climate concerns.
    v. What can VCE do to enhance revenues and net income, e.g. additional options?
    vi. Collaboration between VCE and its member communities to engage the public.

- **Election of Chair, Vice Chair and Secretary of CAC**
  - **Motion:** to re-elect G. Braun as Chair, C. Shewmaker as Vice Chair and M. Baird as Secretary for 2019. **Motion passed: 5-0-0.**

- **Items brought up for possible further discussion at upcoming CAC meetings**
  - Possibility of interacting with the community advisory committees of other CCAs
  - Possibility for CAC to have a visit or video conference, etc. with Beth Vaugh of CalCCA
  - Address task group structure – a yearly review
  - Invite Green Ideals to come talk with the full CAC
RECOMMENDATION

1. Adopt a resolution authorizing the Interim General Manager to sign Amendment 6 to SMUD Services Agreement Task Order 4 to extend the Task Order to March 1, 2019.

BACKGROUND AND ANALYSIS

On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) to provide launch and operational services for VCE. A series of Task Orders implemented the Agreement, including Task Order 4 for Operational Staff Services which was approved by the Board in December 2017.

Task Order 4 is scheduled to expire on December 31, 2018. The recommended action would approve an amendment to extend Task Order 4 from December 31, 2018 to March 1, 2019 – all other terms and conditions would remain the same. This short-term extension allows VCE and SMUD to analyze PG&E’s 2019 rate changes and factor them in to any modifications to Task Order 4 going forward.

The staffing costs associated with the recommended Task Order extension are consistent with the adopted VCE budget.

CONCLUSION

Staff is recommending the VCE Board adopt the attached resolution authorizing the Interim General Manager to approve and sign Task Order 4, Amendment 6 in substantially the same form as attached.

Attachments

1. Resolution Approving VCE-SMUD Master Services Agreement Task Order 4, Amendment 6
2. Professional Services Agreement - Task Order 4, Amendment 6
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, on August 31, 2017, the VCEA Board considered a proposal by the Sacramento Municipal Utilities District ("SMUD") to provide program launch and operational services and subsequently directed VCEA staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board;

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCEA to provide CCA support services;

WHEREAS, On October 12, 2017 the VCEA Board approved the Master Professional Services Agreement and Task Order 1 and Task Order 2 to provide program launch and operational services consistent with the SMUD proposal and VCEA Board direction;

WHEREAS, On November 16, 2017 the VCEA Board approved Task Order 3 to provide Wholesale Energy Services consistent with the SMUD proposal and VCEA Board direction;

WHEREAS, on December 12, 2017, the VCEA Board approved Task Order 4 to provide Operational Staff Services to VCEA for program launch and operations;

WHEREAS, on May 10, 2018, the VCEA Board approved Task Order 5 to provide long term renewable procurement services;

WHEREAS, on October 18, 2018, the VCEA Board approved via Resolution 2018-028, Amendment 5 to Task Order 4, which amended Section 1.2 Scope of Services, and Section 4.1.1 Dedicated Operational Staff;

WHEREAS, Task Order 4, expires on December 31, 2019 and VCEA and SMUD mutually agree to extend the Task Order to March 1, 2019.
NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The VCEA Interim General Manager is authorized to sign Amendment 6 to SMUD Services Agreement Task Order 4 to extend the Task Order to March 1, 2019.

ADOPTED, this ___ day of ______________, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____________________________________
Lucas Frerichs, VCEA Chair

__________________________________________
Alisa M. Lembke, VCEA Board Secretary

EXHIBIT A - Amendment 6 to Master Professional Services Agreement Task Order 4
EXHIBIT A

AMENDMENT 6 TO TASK ORDER 4 - OPERATIONAL STAFF SERVICES
AMENDMENT 6 TO EXHIBIT A: Scope of Services

A.4 Task Order 4 – Operational Staff Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 6 to Exhibit A, Task Order No. 4 (Amendment 6), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 6 conflict with any general provisions in the Agreement or Task Order 4, the provisions of this Amendment 6, shall take precedence.

The Effective Date of this Amendment 6 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 4:

A. Amend Section 4, Term and Termination. Sub-section 4.1.1, Dedicated Operational Staff, Paragraph 1 is replaced in its entirety with the following:

“Notwithstanding Section 4.1, Term of Task Order 4, SMUD will assign dedicated operational staff as described in Section 1.1 of this Task Order 4 for Finance and Operations and Customer Care and Communications to be available onsite at VCEA offices. SMUD will provide the dedicated operational staff through February 28, 2019. The Parties may mutually agree to extend or modify any portion of the operational staff services as provided in Section 4.2.1 of Task Order No. 4.”

SIGNATURES

The Parties have executed this Amendment 6, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: ________________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

Approved as to Form: ______________________________
Sacramento Municipal Utility District

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

Approved as to Form: ________________________________
TO: Valley Clean Energy Alliance (VCE) Board of Directors
FROM: Mitch Sears, Interim General Manager
       Alisa Lembke, VCE Board Clerk/Administrative Analyst
SUBJECT: Consideration of Appointment of Woodland Resident to Vacant Seat on the Community Advisory Committee
DATE: December 13, 2018

Recommendation
Appoint Christine Casey to the City of Woodland vacancy on the Community Advisory Committee (CAC) for a three (3) year term (expiring 2021).

Background
The VCE Board of Directors on December 13, 2016 via Resolution #2016-006 formed a Community Advisory Committee (CAC).

On September 13, 2018, the Board approved the terms of service and officer position of members who serve on the Community Advisory Committee. The Board was informed that two vacancies, City of Woodland and Yolo County, were available on the CAC.

On October 18, 2018, the Board approved a three-year term for Community Advisory Committee members, how to determine the terms of service of current CAC members, and criteria for new member recruitment, solicitation and selection;

Staff informed the Board at their November 15, 2018 meeting that the solicitation for volunteers to fill the two vacancies was issued in late October using VCE’s list of e-mails and on the VCE website and Staff had requested that the City of Woodland and Yolo County advertise the solicitation.

In addition, the Board adopted Resolution 2018-030 which summarized VCE’s solicitation and appointment process to the CAC. This process included an initial staff review for completeness followed by review by the Board subcommittee and recommendation to the full Board. The VCE Board would then appoint volunteers to terms of service on the CAC.

As of December 7, 2018, one application has been received. Ms. Christine Casey, resident of the City of Woodland, submitted her application for appointment to the CAC. Staff forwarded it to the Board subcommittee for review and is being presented to the Board for recommendation of appointment.
Ms. Casey’s background and her interest in serving on the CAC is summarized below.

**Experience:**
- City of Woodland Water Utility Advisory Committee Chair
- City of Woodland Climate Action Plan Advisory Committee Member
- City of Woodland General Plan Steering Committee Member
- City of Woodland Historical Preservation Commission Member and Chair

**Interest in serving on the CAC:**
In her application she states that she supports VCE’s mission of providing energy choices to consumers and would like to bring her experience as a scientist and working with the community on utility issues to improve VCE’s public outreach efforts.
TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Resumption of 2019 PCC-2 Renewable Procurements

DATE: December 13, 2018

RECOMMENDATION

Approve a resolution authorizing staff to resume the procurement of PCC-2 Renewable Power for VCE’s projected 2019 needs.

BACKGROUND

On June 6, 2018, the Board adopted a resolution on staff’s recommendation to suspend PCC-2 power procurements until the California Energy Commission (CEC) adopts new rules related to revisions in the Power Source Disclosure/Power Content Label (PSD/PCL) requirements for California Load Serving Entities (LSEs). These new rules result from changes to the PSD/PCL law affected by AB 1110 passed in 2016. The changes are to apply starting with 2019 power deliveries. (The resulting reporting would be published in 2020 on the specified reporting schedule for 2019 deliveries.) AB 1110 changes include the addition of greenhouse gas emissions intensity reporting in the mandatory Power Content Labeling.

At the time of the Board’s June action, CEC staff had developed a draft proposal that would not be favorable regarding the greenhouse gas reporting associated with PCC-2 renewable power imports. As the Board will recall, PCC-2 renewable power is imported from outside California from a seller supplying renewable energy certificates (RECs) from a renewable resource along with a power import into California from a different, non-renewable resource. Currently, the ownership of PCC-2 RECs is evidence that the purchaser has bought the renewable carbon free attributes of the supplying renewable energy resource. For example, the RECs might be matched with an import of power from a natural gas-fired power plant. The PCC-2 REC offsets any carbon emissions associated with the underlying imported energy. The draft CEC staff proposal would require the LSE to declare the carbon emissions associated with the underlying energy and would not allow the PCC-2 REC to offset the carbon emissions for greenhouse gas reporting purposes.

On October 9, 2018, CEC staff issued AB 1110 Implementation Proposal for Power Source Disclosure, Third Version which maintains their previous proposal regarding needing to declare the GHG emissions intensity associated with the power import underlying the PCC-2 RECs.
At this point, development of the amendments to the PSD/PCL regulations is in the pre-rulemaking phase. CEC staff plan to conduct another pre-rulemaking workshop later this year to present draft regulatory language based on the AB 1110 Implementation Proposal for Power Source Disclosure, Third Version. VCE staff had anticipated that the CEC would have issued the rulemaking on the AB1110 changes by now. As it stands, the rulemaking won’t be issued until sometime in 2019.

VCE still needs to procure the additional PCC-2 renewable power necessary to supply its targeted 42% renewable power content for 2019.

Note: procurement of PCC-2 resources is consistent with Board approved procurement strategy for the early years of VCE while longer-term PCC-1 renewable contracts are secured by VCE. VCE’s solicitation process for these longer-term renewable contracts is currently underway. These resources are considered PPC-1, currently cheaper than PCC-2 resources, and are anticipated to begin coming on-line in late 2020/early 2021. Therefore, any PCC-2 contracts will be short-term and phased out as soon as possible.

ADDITIONAL CONSIDERATIONS

While the changes in law require all LSEs to begin reporting greenhouse gas emissions intensity in 2020 for power deliveries during the 2019 calendar year, that legislation also allows a newly formed CCA to avoid reporting carbon emissions for 24 months up to 36 months after launch, meaning that VCEA would not have to report carbon emissions for 2019, and possibly not for 2020:

“Any new community choice aggregator formed after January 1, 2016, shall not be required to report data on greenhouse gas emissions intensity associated with retail sales until at least 24 months, but shall be required to report that data no later than 36 months, after serving its first retail customer” (PUC § 398.4 (k)2.F(ii).

Therefore, VCEA will have a choice on whether it reports greenhouse gas emissions in 2020 for 2019 power deliveries, and possibly in 2021 for 2020 power deliveries.

ANALYSIS

Table 1 in Attachment 1 shows the estimated carbon emissions for VCEA’s 2019 power portfolio under the current assumptions that PCC-2 RECs would offset the carbon emissions associated with the matched imported power. The estimated carbon emissions intensity is 281 lb/MWh.

In the event that the CEC were to adopt CEC staff’s position, the consequence to VCEA would be that without any action, VCEA’s reported carbon emissions increase significantly. Table 2 in the Attachment 1 shows that VCEA’s estimated carbon emissions intensity could go to 421 lb/MWh based upon the reporting change and assuming VCEA took no other action to try and
reduce reported carbon emissions. In the event that VCEA wanted to reduce its carbon emissions intensity to compensate for the GHG emissions intensity increase, VCEA would incur increased costs to procure additional no/low carbon energy to offset the increase in carbon emissions that would be attributed to PCC-2 renewable power. Under today’s power costs, VCE could pay up to $800,000 for the additional no/low carbon energy needed in 2019.

COMMUNITY ADVISORY COMMITTEE REVIEW

Staff reviewed the recommendation with the Community Advisory Committee on December 3, 2018, which voted on and approved supporting staff’s recommendation.

CONCLUSION

Because the CEC has not yet acted and will not be enacting the PSD/PCL rule changes until sometime in 2019, and because it will be important for VCE to have locked in its PCC-2 procurement prior to January 1, 2019, staff proposes that the Board provide direction to resume 2019 PCC-2 procurement.

Staff makes the proposed specific recommendations in the aforementioned resolution.

Attachment
1. VCE Carbon Intensity Calculations – 2019
2. Resolution
### Table 1. VCEA 2019 Carbon Intensity Calculation Comparisons

**No PCC-2 CO2 Emissions**

<table>
<thead>
<tr>
<th>Content</th>
<th>Retail Load, MWhs</th>
<th>CO2 Emissions Intensity Per Product</th>
<th>CO2 Emissions Per Product</th>
<th>CO2 Emissions Intensity/ Contribution to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable</td>
<td>42%</td>
<td>299,543</td>
<td>0 lb/MWh</td>
<td>0 MT</td>
</tr>
<tr>
<td>PCC-1¹</td>
<td>23.25%</td>
<td>165,818</td>
<td>0 lb/MWh</td>
<td>0 MT</td>
</tr>
<tr>
<td>PCC-2²</td>
<td>18.75%</td>
<td>133,724</td>
<td>0 lb/MWh</td>
<td>0 MT</td>
</tr>
<tr>
<td>Large Hydro³</td>
<td>33%</td>
<td>235,355</td>
<td>0 lb/MWh</td>
<td>0 MT</td>
</tr>
<tr>
<td>Unspecified Market Power⁴</td>
<td>25%</td>
<td>178,299</td>
<td>962 lb/MWh</td>
<td>77,838 MT</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>713,197</td>
<td>77,838 MT</td>
<td>241 lb/MWh</td>
</tr>
</tbody>
</table>

**Assumptions:**

1. Assumes PCC-1 renewable power has no associated net carbon emissions.
2. Assumes PCC-2 renewable power has no associated net carbon emissions.
3. Assumes Large Hydro has no associated net carbon emissions.
4. California Air Resource Board's calculation for emissions from Unspecified Sources of Power has an emission factor of 0.428 MT CO2/MWh, in addition to a transmission loss adjustment of 1.02. Converted to lbs/MWh, that equates to 962 lb/MWh. Source: Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, Title 17, California Code of Regulations.
<table>
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<tr>
<th></th>
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<th>Retail Load, MWhs</th>
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<th>CO2 Emissions Per Product</th>
<th>CO2 Emissions Intensity/ Contribution to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable</strong></td>
<td>42%</td>
<td>299,543</td>
<td>430 lb/MWh</td>
<td>58,379 MT</td>
<td>180 lb/MWh</td>
</tr>
<tr>
<td><strong>PCC-1</strong></td>
<td>23.25%</td>
<td></td>
<td>165,818 0 lb/MWh</td>
<td>0 MT</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>713,197</td>
<td>136,217 MT</td>
<td></td>
<td>421 lb/MWh</td>
</tr>
</tbody>
</table>

**Assumptions:**

1. Assumes PCC-1 renewable power has no associated net carbon emissions.
2. Assumes PCC-2 renewable power has net carbon emissions associated with unspecified imports (See note 4).
3. Assumes Large Hydro has no associated net carbon emissions.
4. California Air Resource Board’s calculation for emissions from Unspecified Sources of Power has an emission factor of 0.428 MT CO2/MWh, in addition to a transmission loss adjustment of 1.02. Converted to lbs/MWh, that equates to 962 lb/MWh. Source: Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, Title 17, California Code of Regulations.
VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018-___

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE BOARD AUTHORIZING STAFF TO RESUME THE PROCUREMENT OF PCC-2 RENEWABLE POWER FOR VALLEY CLEAN ENERGY ALLIANCE’S PROJECTED 2019 NEEDS

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, to serve its customers, VCEA has procured PCC-2 renewable power to partially meet its renewable energy and clean power goals;

WHEREAS, the California Energy Commission (CEC) is currently considering changes to the Power Source Disclosure/Power Content Label (PSD/PCL) requirements for California load serving entities resulting from changes to the PSD/PCL law affected by AB 1110;

WHEREAS, the CEC’s pending action creates uncertainty as to the future applicability of PCC-2 for off-setting carbon emissions;

WHEREAS, the CEC’s final decision on PCC-2 renewable power was anticipated later in 2018;

WHEREAS, on June 6, 2018 the Board adopted Resolution 2018-018, which:

1. suspended the current forward procurement of PCC-2 Renewable Power pending outcome of the California Energy Commission’s (CEC) effort to update the Power Source Disclosure/Power Content Labeling requirements for load serving entities.

2. required staff to return to the Board for direction on the procurement of PCC-2 Renewable Power after the CEC has defined Power Source Disclosure/Power Content Labeling requirements of the treatment of PCC-2 Renewable Power by load serving entities.

WHEREAS, VCE staff had anticipated that the CEC would have issued the rulemaking on the AB1110 changes by now;

WHEREAS, VCE Staff anticipates that the rulemaking will be issued sometime in 2019;

1
WHEREAS, VCE needs to procure the additional PCC-2 renewable power necessary to supply its targeted 42% renewable power content for 2019; and

WHEREAS, procurement of PCC-2 resources is consistent with Board approved procurement strategy for the early years of VCE while longer-term PCC-1 renewable contracts are secured by VCE.

NOW, THEREFORE, the VCEA Board of Directors authorizes staff to resume the procurement of PCC-2 Renewable Power for VCE’s projected 2019 needs

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

AYES:
NOES:
ABSENT:
ABSTAIN:

_____________________________________
Lucas Frerichs, Chair

__________________________________________
Alisa M. Lembke, Secretary